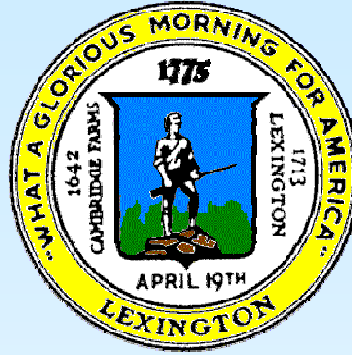


# *Town of Lexington*



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## Financial Summit I

Indicator Analysis:

*Fiscal Years 2000-2012*

Revenue and Expenditure Projections:

*Fiscal Years 2014-2016*

October 3, 2012

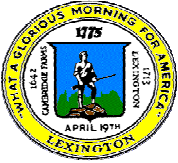


# *Town of Lexington*

Summit I – October 3<sup>rd</sup> 2012

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## *Town of Lexington*

Summit I – October 3<sup>rd</sup> 2012

## Introduction

This packet of information includes:

- a) An evaluation of the fiscal health of the Town of Lexington, presented through a series of financial indicators and, where appropriate, comparative benchmarks.
- b) A 3-year Revenue and Expenditure Projection
- c) Key policy issues facing the Town in FY2014.

This material provides an informed snapshot of Lexington's financial condition to assist policymakers in preparing for the FY 2014 Budget Process.

Using a series of recognized metrics from professional organizations, including the International City/County Management Association, (ICMA), the Government Finance Officer's Association (GFOA), Moody's Investor's Service, and data from the Town of Lexington, Mass. Department of Revenue, the Mass. Department of Education, and the U.S. Census Bureau, Town staff has compiled 14 indicators with which to evaluate the Town's fiscal health.

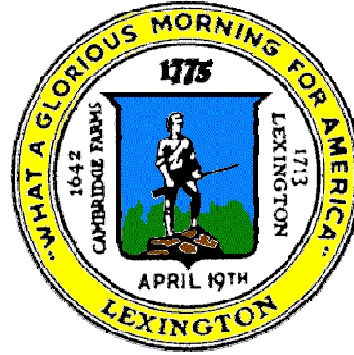
Lexington's financial condition is generally sound. In particular,

- Lexington has positive revenue growth, stable labor costs as a percentage of total operating costs, adequate pension funding, a good balance of revenues related to economic growth, low debt service, and adequate reserves.
- Lexington's financial condition is satisfactory in the areas of expenditure growth.
- Lexington's financial condition is unsatisfactory in the areas of state aid and employee liabilities (with the exception of pension funding). In particular, Lexington continues to witness significant increases in employee benefit costs, and unreliable levels of state aid.

Notwithstanding the recent downgrading of the federal government's credit rating, the data in this report suggests that the Town's financial condition is strong and the Town is expected to maintain its Aaa credit rating.



# *Town of Lexington*



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## Financial Summit I

Indicator Analysis:

*Fiscal Years 2000-2012*



# *Town of Lexington*

Summit I – October 3<sup>rd</sup> 2012

## Indicator Summary – FY2010-2012

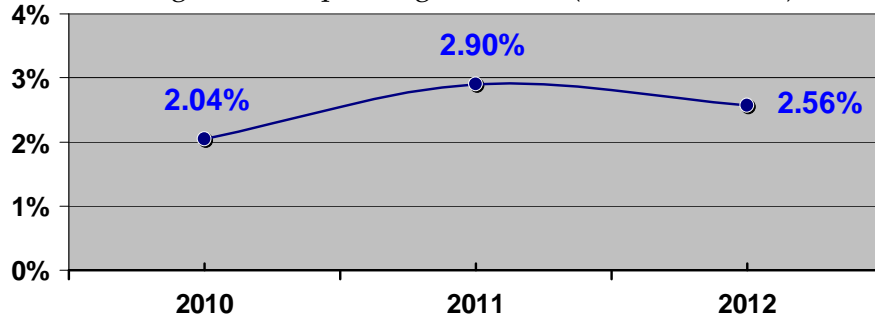
Indicator Summary		2010	2011	2012
<b>I.1</b>	<b>Revenues</b>	<b>F</b>	<b>F</b>	<b>F</b>
<b>I.2</b>	<b>State Aid</b>	<b>UF</b>	<b>UF</b>	<b>UF</b>
<b>I.3</b>	<b>Revenues Related to Economic Growth</b>	<b>F/M</b>	<b>F/M</b>	<b>F/M</b>
<b>I.4</b>	<b>Property Tax Revenues</b>	<b>F</b>	<b>F</b>	<b>F</b>
<b>I.5</b>	<b>Uncollected Property Taxes</b>	<b>F</b>	<b>F</b>	<b>F</b>
<b>I.6</b>	<b>Expenditures per Department</b>	<b>M</b>	<b>M</b>	<b>F</b>
<b>I.7</b>	<b>Personnel Costs</b>	<b>F/M</b>	<b>F/M</b>	<b>F</b>
<b>I.8</b>	<b>Employee Benefits</b>	<b>UF</b>	<b>UF</b>	<b>M</b>
<b>I.9</b>	<b>Participants in Lexington Retirement System</b>	<b>F/M</b>	<b>F/M</b>	<b>F</b>
<b>I.10</b>	<b>Pension Liability</b>	<b>F</b>	<b>F</b>	<b>M</b>
<b>I.11</b>	<b>Debt Service</b>	<b>F</b>	<b>F</b>	<b>F</b>
<b>I.12</b>	<b>Long-Term Debt</b>	<b>F</b>	<b>F</b>	<b>F</b>
<b>I.13</b>	<b>Reserves and Fund Balance</b>	<b>F</b>	<b>F</b>	<b>F</b>
<b>I.14</b>	<b>Population</b>	<b>M</b>	<b>M</b>	<b>M</b>



## Favorable Indicators

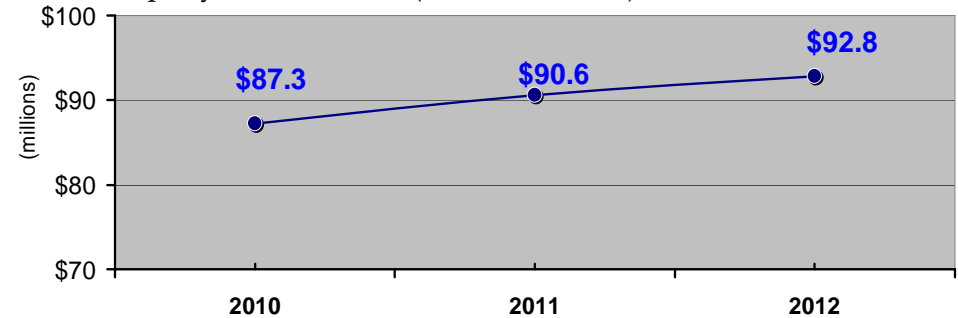
### Indicator I.1: Revenues

% Change In Net Operating Revenues (constant dollars)



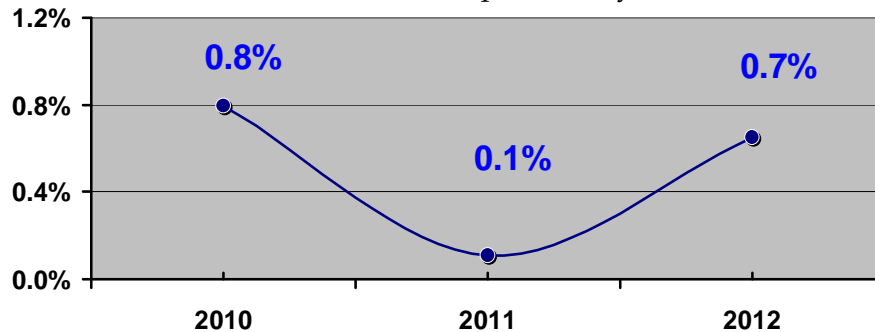
### Indicator I.4: Property Tax Revenues

Property Tax Revenues (constant dollars)



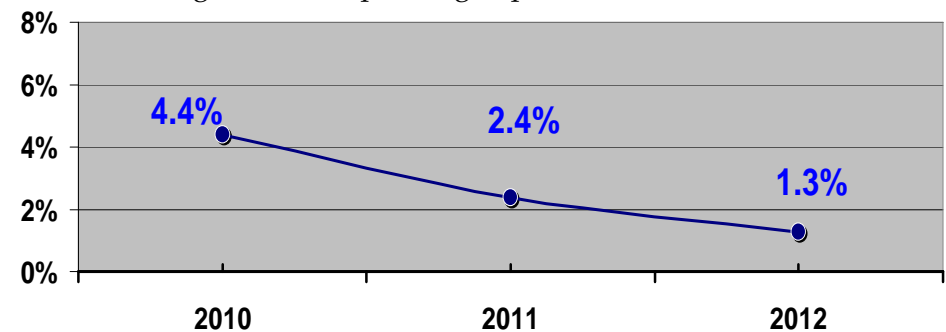
### Indicator I.5: Uncollected Property Taxes

Uncollected Taxes as % of Net Prop. Tax Levy



### Indicator I.6: Expenditures Per Department

% Change in Total Operating Expenditures

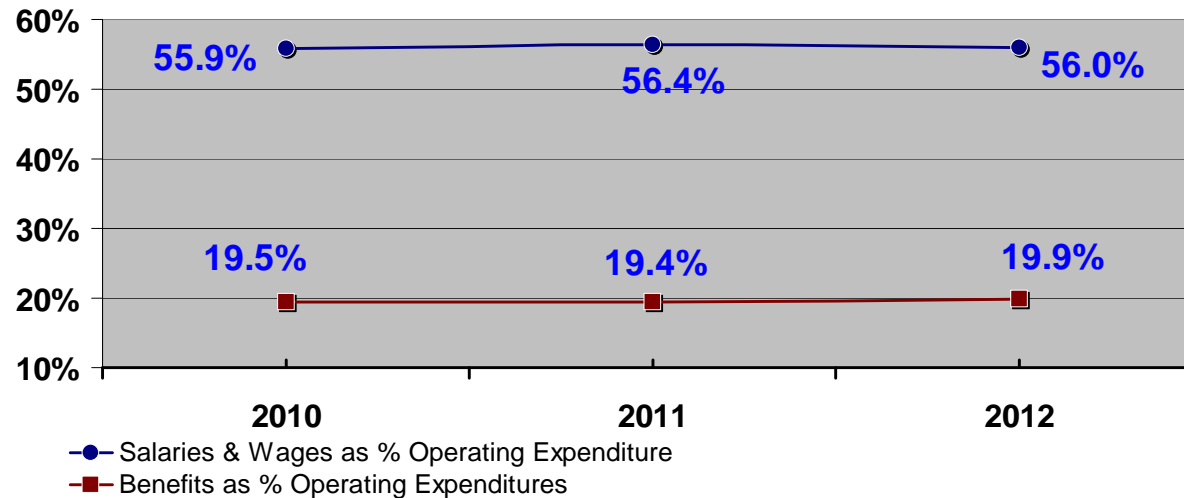




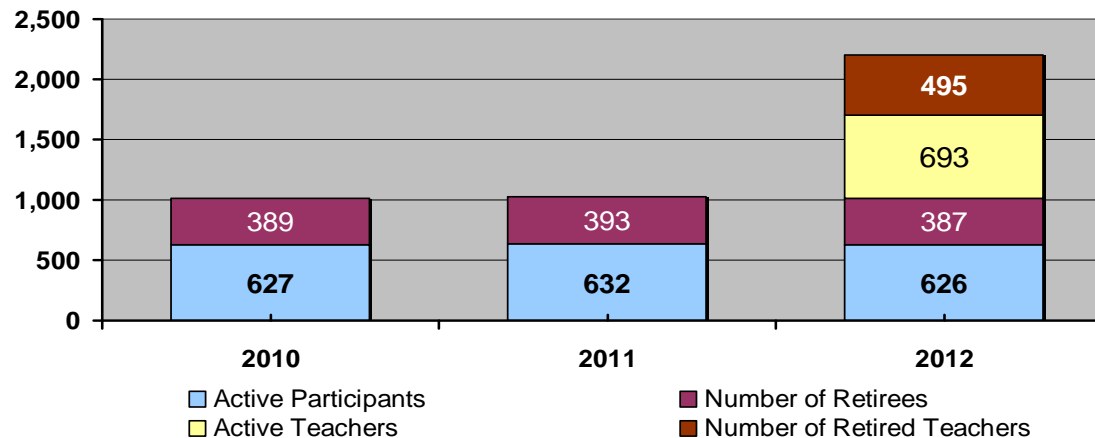
## Favorable Indicators

### Indicator I.7: Personnel Costs

Personnel Costs as % of Operating Expenses



### Indicator I.9: Participants in Retirement System



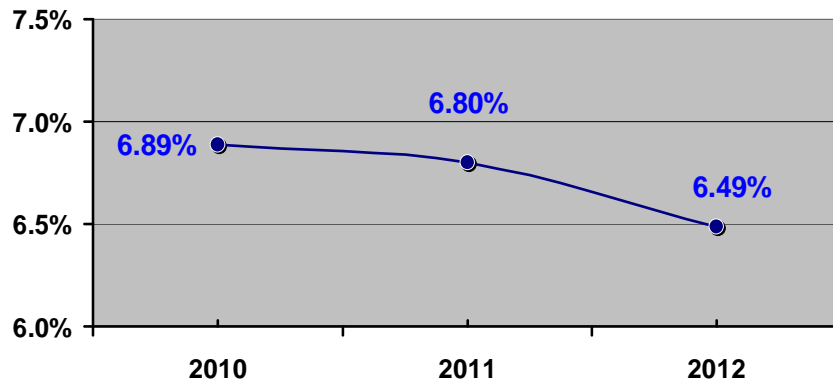




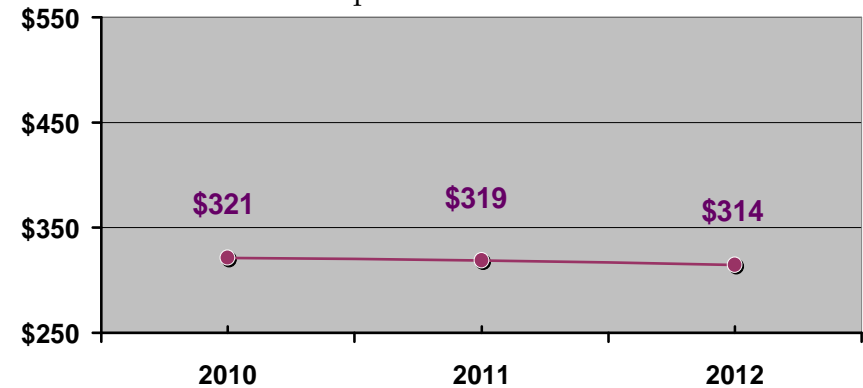
## Favorable Indicators

### Indicator I.11: Debt Service

Debt Service as % of General Fund

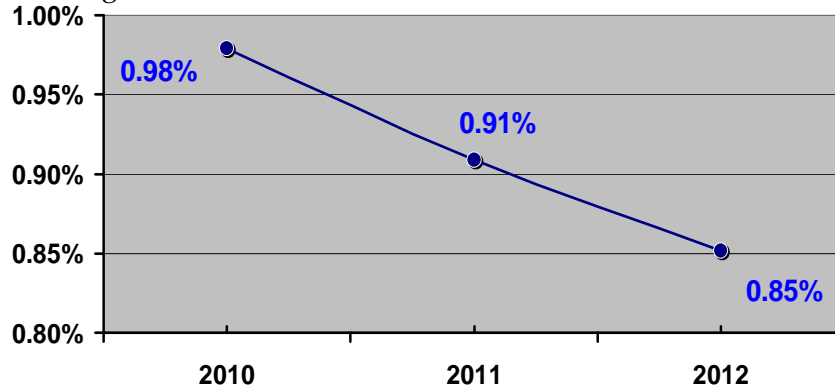


Debt Service Per Capita

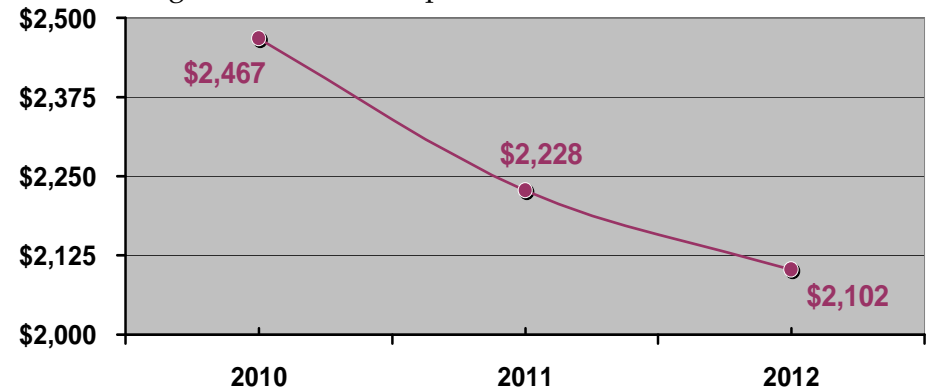


### Indicator I.12: Long Term Debt

Long Term Debt as % of Assessed Valuation



Long Term Debt Per Capita

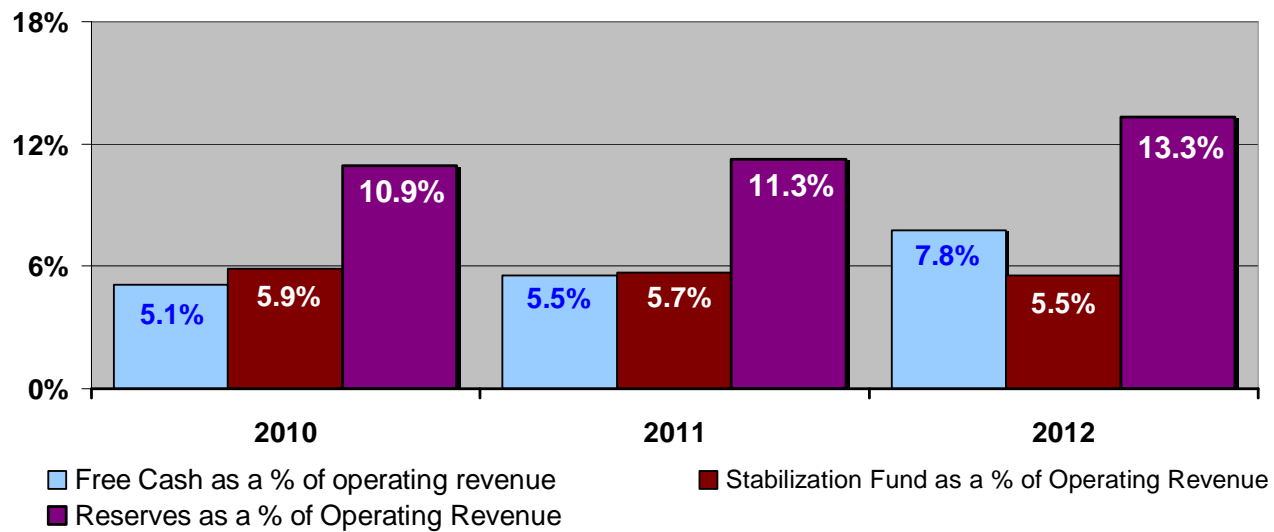




## Favorable Indicators

### Indicator I.13: Reserves and Fund Balance

Reserves as % of Operating Revenue

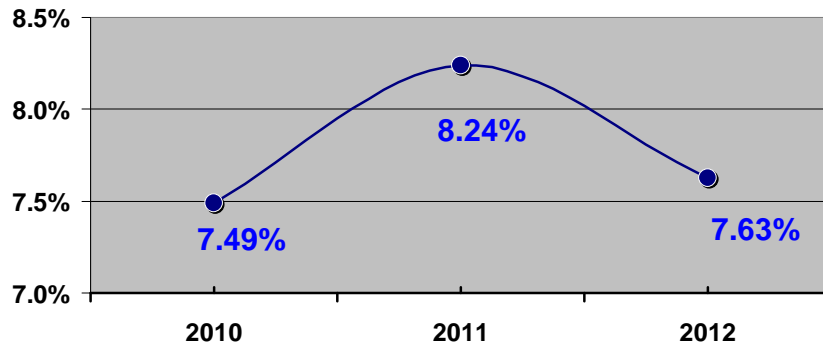




## Marginal Indicators

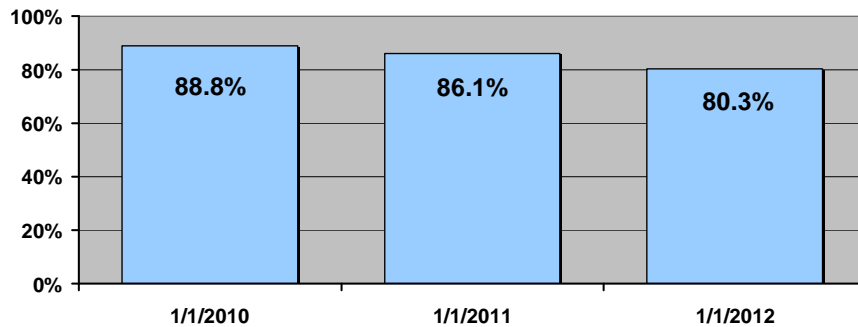
### Indicator I.3: Revenues Related To Economic Growth

Econ. Growth Revenues as % of Operating Revenues



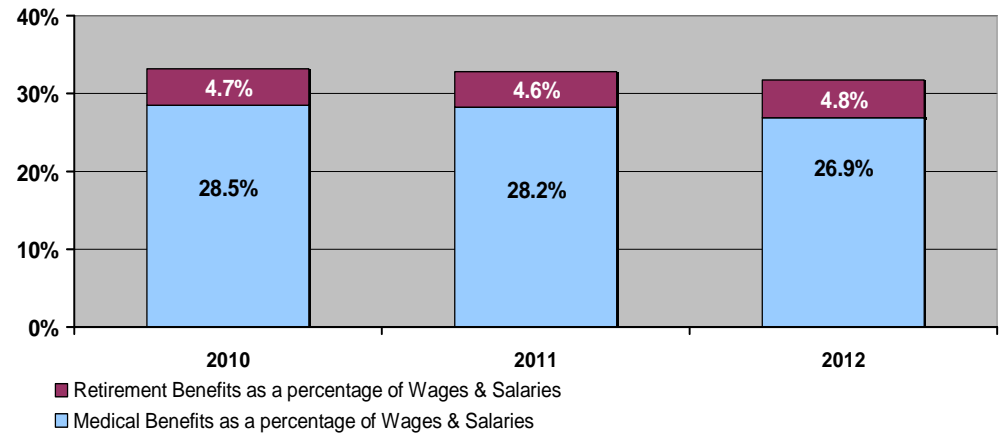
### Indicator I.10: Pension Liability

% Funded

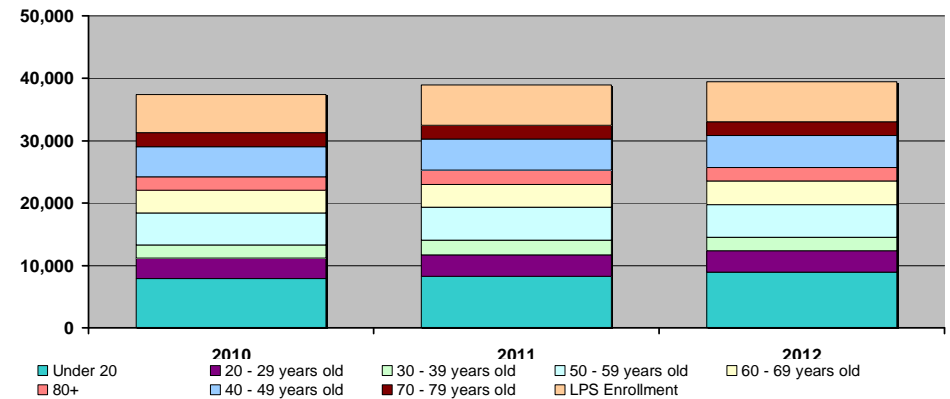


### Indicator I.8: Employee Benefits

Medical and Retirement Benefits as % of Wages & Salaries



### Indicator I.14: Population

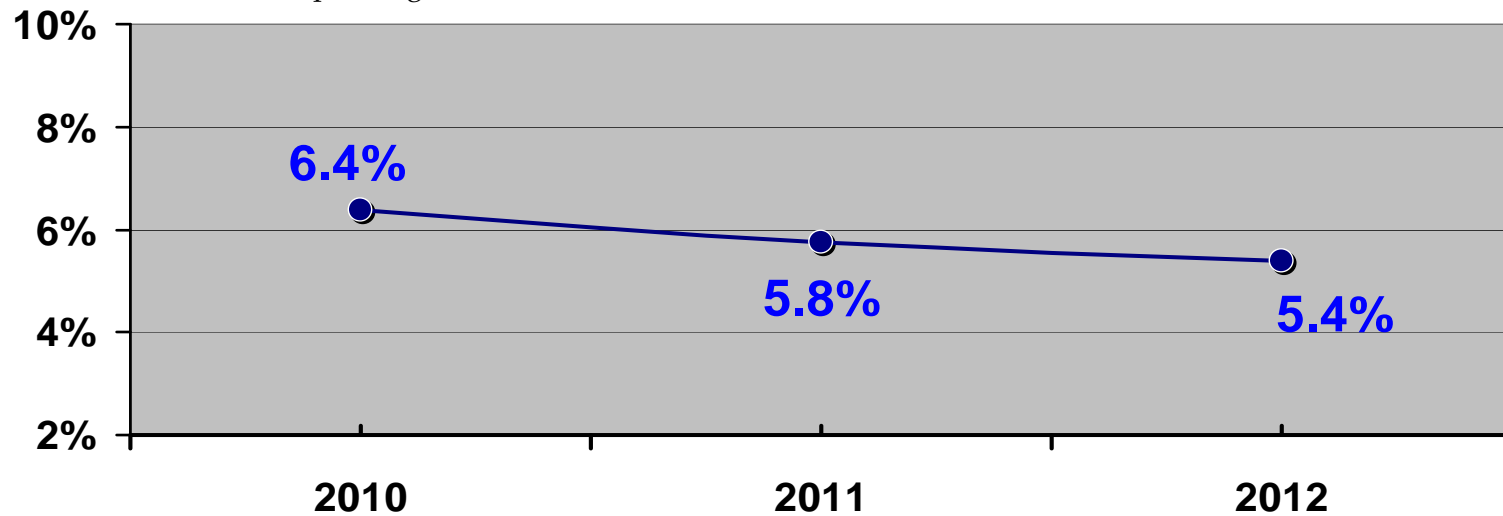


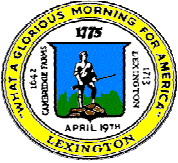


## Unfavorable Indicators

### Indicator I.2: State Aid

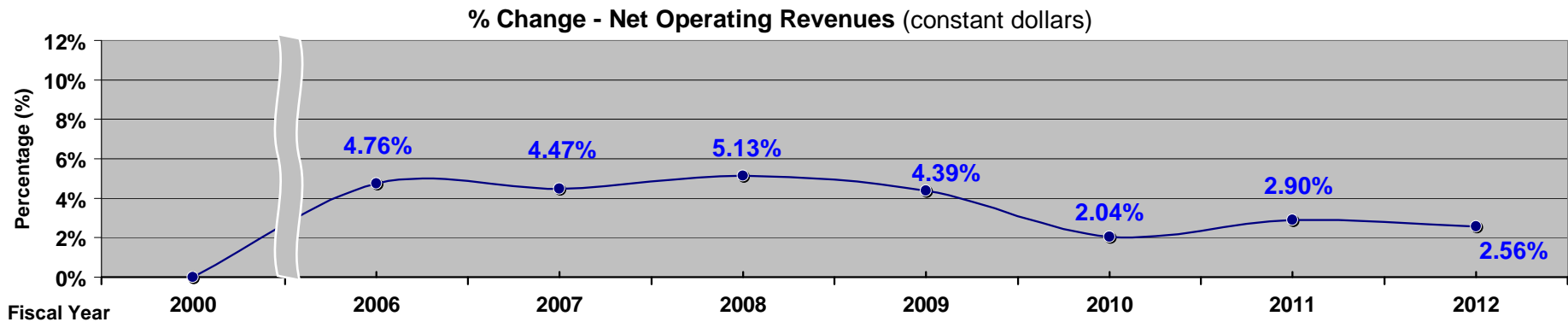
State Aid as % of Operating Revenue





## Indicator I.1: Revenues

*A decrease in net operating revenues (constant dollars) is considered a warning indicator.*



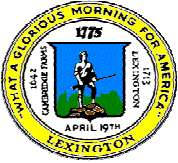
Fiscal Year	2000*	2006	2007*	2008*	2009 <sup>1</sup>	2010	2011	2012
Gross operating revenue/transfers	\$ 81,597,556	\$ 116,002,929	\$ 124,745,872	\$ 133,554,286	\$ 144,131,700	\$ 146,116,341	\$ 152,465,461	\$ 160,271,333
Less: Excluded Debt Service	\$ 120,000	\$ 4,943,313	\$ 5,127,256	\$ 5,372,874	\$ 5,632,643	\$ 5,746,385	\$ 5,753,550	\$ 5,721,834
<i>Net Operating Revenues</i>	<i>\$ 81,477,556</i>	<i>\$ 111,059,616</i>	<i>\$ 119,618,616</i>	<i>\$ 128,181,412</i>	<i>\$ 138,499,057</i>	<i>\$ 140,369,956</i>	<i>\$ 146,711,911</i>	<i>\$ 154,549,499</i>
CPI-U, prior calendar year	176.0	216.4	223.1	227.4	235.4	233.8	237.4	243.9
CPI-U, adjustment for constant dollars	100%	81.3%	78.9%	77.4%	74.8%	75.3%	74.1%	72.2%
<i>Net Operating Revenues (constant dollars)</i>	<i>\$ 81,477,556</i>	<i>\$ 90,325,751</i>	<i>\$ 94,365,201</i>	<i>\$ 99,204,203</i>	<i>\$ 103,563,896</i>	<i>\$ 105,677,661</i>	<i>\$ 108,745,973</i>	<i>\$ 111,532,722</i>
<b>Percent Change from prior year (net)</b>	-	<b>4.76%</b>	<b>4.47%</b>	<b>5.13%</b>	<b>4.39%</b>	<b>2.04%</b>	<b>2.90%</b>	<b>2.56%</b>

<sup>1</sup>Gross Operating Revenue includes \$799,539 in federal stimulus funds used to offset the fourth quarter cut in Chapter 70 aid.

\*Denotes Fiscal Year where Proposition 2 1/2 Override was approved by voters.

Revenue growth is one measure of the Town's ability to maintain existing service levels. Lexington has witnessed some fluctuations in revenues in constant dollars during the first half of this decade; despite this growth has, for the most part, been positive. Some slowdown in FY2012 is indicative of the continuing slump in the national economy. Specifically, this is attributable to a decrease in State Aid (Indicator 2) as well as decreasing Revenues Related to Economic Growth (Indicator 3). Nevertheless the Property Tax (Indicator 4) remains stable despite the post-recession economic environment, and the trend overall remains steady and favorable.

Lexington Trend	
Favorable	✓
Marginal	
Unfavorable	
Uncertain	

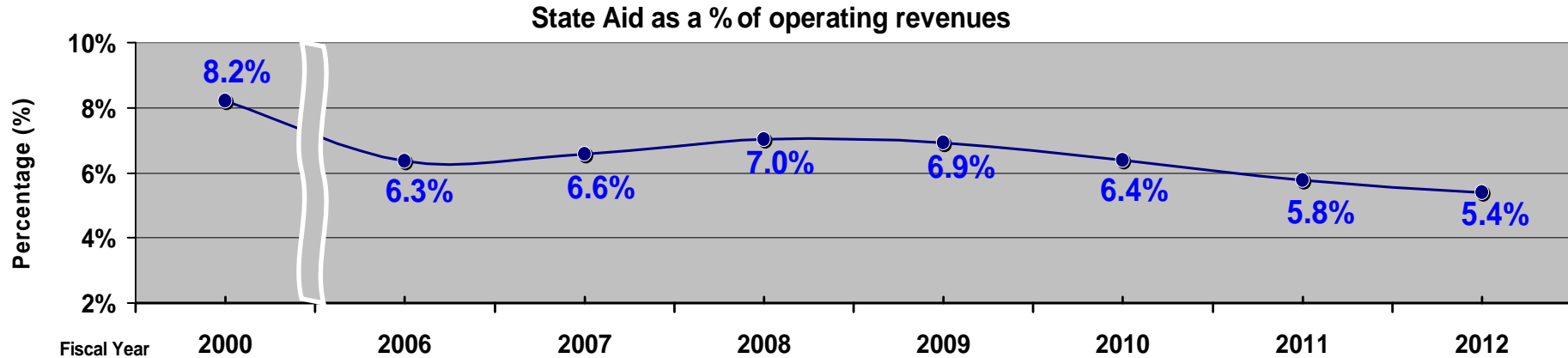


## Town of Lexington

Summit I – October 3<sup>rd</sup> 2012

### Indicator I.2: State Aid

*Reduced State Aid as a percentage of operating revenues is considered a warning indicator, particularly if the Town does not have adequate reserves to offset reductions.*



Fiscal Year	2000	2006	2007	2008	2009 <sup>1</sup>	2010	2011	2012
Cherry Sheet Revenues (Less Offset Items)	\$ 7,553,282	\$ 7,239,935	\$ 8,051,888	\$9,001,541	\$9,589,026	\$ 8,962,015	\$ 8,454,991	\$ 8,341,106
Less: School Building Reimbursements	\$ 863,984	\$ 187,696	\$ 187,696	\$ -	\$ -	\$ -	\$ -	\$ -
Net State Aid Revenues	\$ 6,689,298	\$ 7,052,239	\$ 7,864,192	\$9,001,541	\$9,589,026	\$8,962,015	\$8,454,991	\$8,341,106
Net Operating Revenues	\$ 81,477,556	\$ 111,059,616	\$ 119,618,616	\$ 128,181,412	\$ 138,499,057	\$ 140,369,956	\$ 146,711,911	\$ 154,549,499
<b>State Aid as a % of operating revenues</b>	<b>8.2%</b>	<b>6.3%</b>	<b>6.6%</b>	<b>7.0%</b>	<b>6.9%</b>	<b>6.4%</b>	<b>5.8%</b>	<b>5.4%</b>
<b>Net State Aid Revenues (constant dollars)</b>	\$ 6,689,298	\$ 5,735,647	\$ 6,203,935	\$ 6,966,616	\$ 7,170,279	\$ 6,747,062	\$ 6,267,018	\$ 6,019,471
<b>Percent change from prior year (constant dollars)</b>	-	4.2%	8.2%	12.3%	2.9%	-5.9%	-7.1%	-3.9%

<sup>1</sup>Net Operating Revenue and Cherry Sheet Revenue include \$799,539 in federal stimulus funds used to offset the FY 09 fourth quarter cut in Chapter 70 aid.

While the Town does not rely significantly on State Aid, any dependence on such aid may be difficult to manage when there is a reduction in this funding. In order to protect itself in this situation, the Town has a contingency plan for reductions in State Aid. The Board of Selectmen adopted the recommendation of the 2006 Ad Hoc Financial Policy Committee to create reserves capable of offsetting cyclical downturns in state aid and local receipts.

On a constant dollar basis, State Aid has steadily increased from 2004-2009, before decreasing in FY 2011 and again in FY2012 as a result of the economic downturn.

Lexington Trend	
Favorable	
Marginal	
Unfavorable	✓
Uncertain	

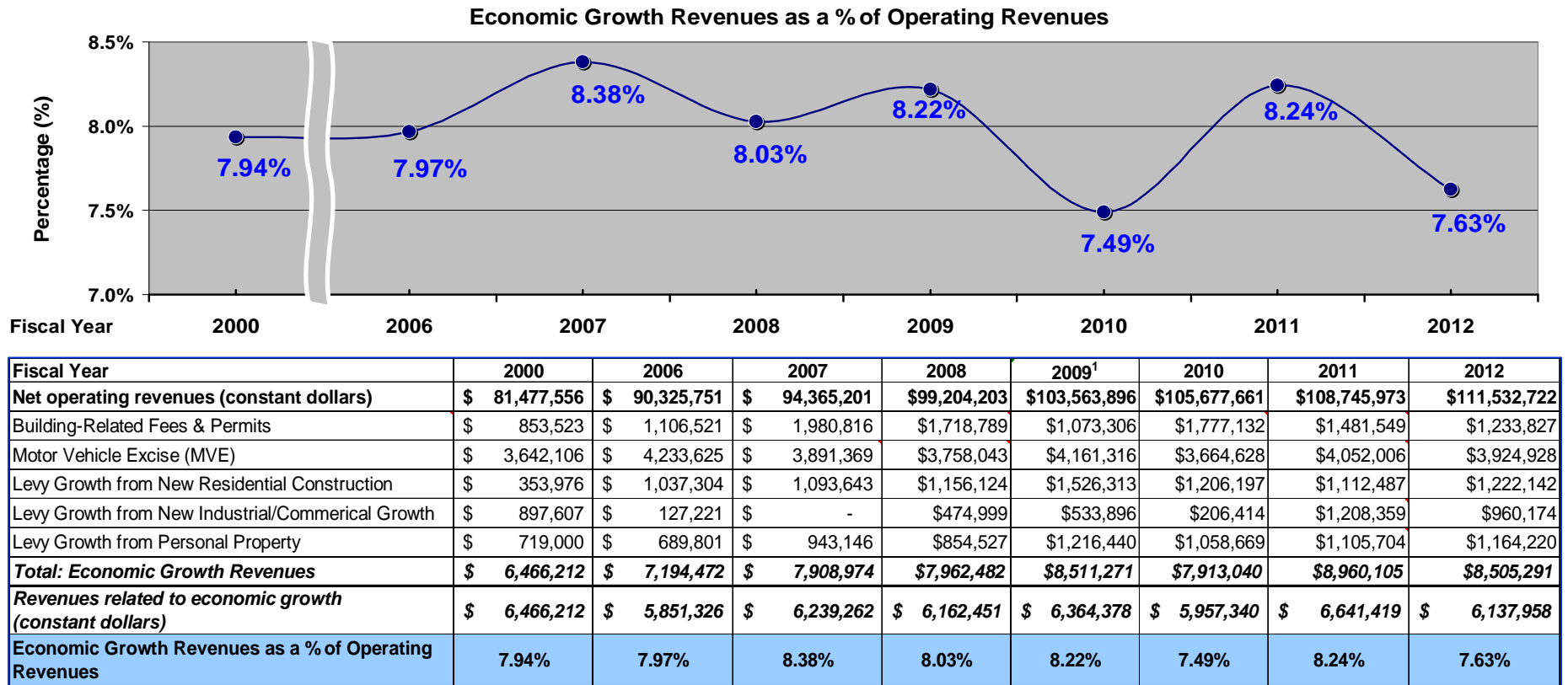


## Town of Lexington

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### Indicator I.3: Revenues Related to Economic Growth

*Decreasing economic growth revenues, as a percentage of net operating revenues, is considered a warning indicator.*



<sup>1</sup>Net Operating Revenue includes \$799,539 in federal stimulus funds used to offset the FY 09 fourth quarter

**Notes:**

Building Related Fees & Permits inclusive of all Building, Wiring, Gas & Plumbing permits, FY 2000-2010.

Economic growth revenues are responsive to changes in the economic base and inflation. A balance between growth and other (non-economic growth) revenues mitigates the effects of economic growth or decline. During a recession, a high percentage of non-economic growth revenue is an advantage. During a slowing economy, the Town should maintain sufficient reserves to protect against slowing revenue growth. A decrease in building permit fees may also be a leading indicator of smaller future increases in the tax levy. The large increase in FY2010 building-related fees is partially a result of large one-time permits, including Patriot Partners (\$392,761) and Cubist (\$216,000).

Lexington Trend	
Favorable	
Marginal	
Unfavorable	
Uncertain	



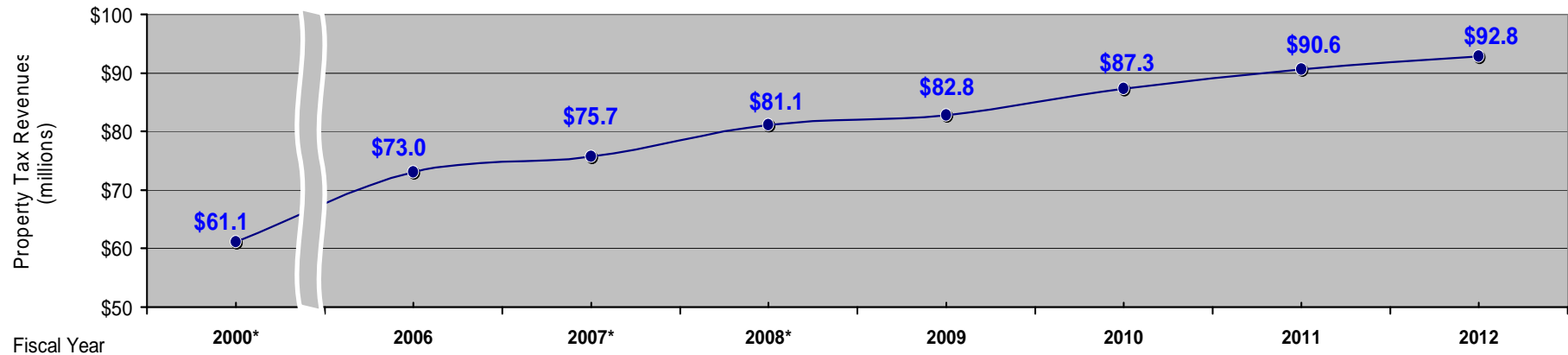
## Town of Lexington

Summit I – October 3<sup>rd</sup> 2012

## Indicator I.4: Property Tax Revenues

*A decline in property tax revenues (constant dollars) is considered a warning indicator.*

Trend in Property Tax Revenues (in Constant Dollars)

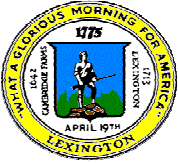


Fiscal Year	2000*	2006	2007*	2008*	2009	2010	2011	2012
Property Tax Levy	\$61,263,838	\$ 94,740,660	\$ 103,604,078	\$ 112,856,608	\$ 119,093,124	\$ 124,695,369	\$ 131,108,723	\$ 137,644,548
Less: debt exclusions	\$ 120,000	\$ 4,943,313	\$ 5,127,256	\$ 5,372,874	\$ 5,632,643	\$ 5,746,385	\$ 5,753,550	\$ 5,721,834
Less: Comm. Pres. Act surcharge	N/A	N/A	\$ 2,529,288	\$ 2,649,949	\$ 2,754,960	\$ 3,027,909	\$ 3,153,000	\$ 3,307,000
<b>Net Property Tax Revenues</b>	<b>\$61,143,838</b>	<b>\$ 89,797,347</b>	<b>\$ 95,947,534</b>	<b>\$ 104,833,785</b>	<b>\$ 110,705,521</b>	<b>\$ 115,921,075</b>	<b>\$ 122,202,173</b>	<b>\$ 128,615,714</b>
CPI-U, 2000 base year	176.0	216.4	223.1	227.4	235.4	233.8	237.4	243.9
CPI-U, adjustment for constant dollars	100%	81.3%	78.9%	77.4%	74.8%	75.3%	74.1%	72.2%
<b>Property Tax Revenues (constant dollars)</b>	<b>\$ 61,143,838</b>	<b>\$ 73,032,962</b>	<b>\$ 75,691,466</b>	<b>\$ 81,134,635</b>	<b>\$ 82,781,033</b>	<b>\$ 87,271,297</b>	<b>\$ 90,578,837</b>	<b>\$ 92,817,258</b>
<b>Percent increase over prior year (constant dollars)</b>	-	1.3%	3.6%	7.2%	2.0%	5.4%	3.8%	2.5%

Property tax revenues are analyzed separately because they are the Town's primary revenue source for both operating and capital spending. Increases due to operating overrides should be noted for their impact on taxpayers' ability to pay. On a constant dollar basis, Lexington has seen consistent growth in this area since 2000. This growth continues favorably into Fiscal 2012.

Lexington Trend	
Favorable	✓
Marginal	
Unfavorable	
Uncertain	



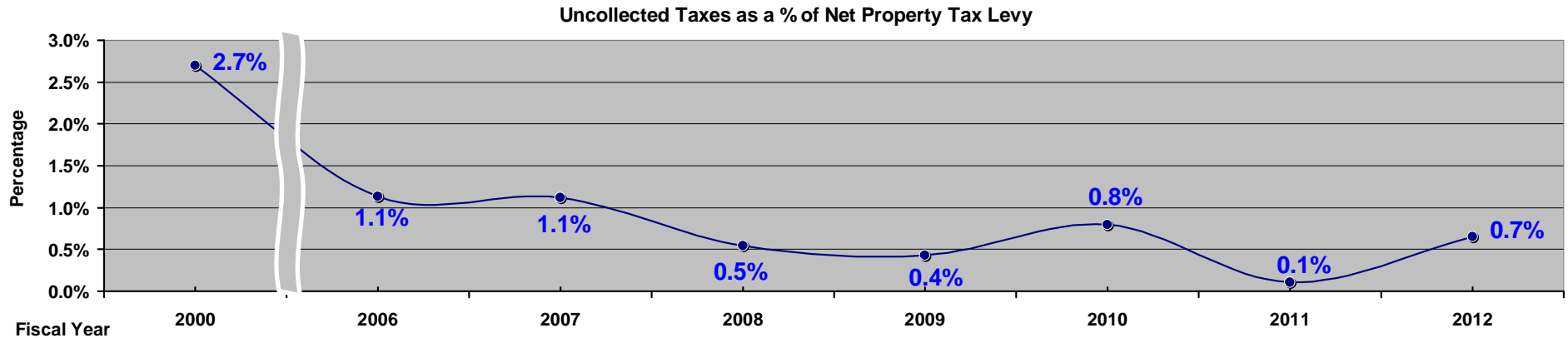


## Town of Lexington

Summit I – October 3<sup>rd</sup> 2012

## Indicator I.5: Uncollected Property Taxes

Uncollected property taxes (as a percent of the property tax levy) of 5-8 percent is considered a warning indicator by bond rating organizations.



Fiscal year	2000	2006	2007	2008	2009	2010	2011	2012
Property Tax Levy <sup>1</sup>	\$ 61,263,838	\$ 94,740,660	\$ 101,074,790	\$ 110,206,659	\$ 116,338,164	\$ 121,667,460	\$ 127,955,723	\$ 134,337,548
Reserved for Abatements & Exemptions	\$ 763,112	\$ 504,780	\$ 602,579	\$ 1,139,127	\$ 1,276,988	\$ 850,587	\$ 896,369	\$ 1,023,396
Net Property Tax Levy	\$ 60,500,726	\$ 94,235,880	\$ 100,472,211	\$ 109,067,533	\$ 115,061,176	\$ 120,816,873	\$ 127,059,354	\$ 133,314,153
Uncollected Taxes as of June 30	\$ 1,632,556	\$ 1,068,620	\$ 1,125,701	\$ 597,349	\$ 493,115	\$ 960,210	\$ 136,474	\$ 868,845
<b>Uncollected Taxes as a Percentage of Net Property Tax Levy</b>	<b>2.7%</b>	<b>1.1%</b>	<b>1.1%</b>	<b>0.5%</b>	<b>0.4%</b>	<b>0.8%</b>	<b>0.1%</b>	<b>0.7%</b>

<sup>1</sup> Includes exempt debt, but excludes Community Preservation Act Surcharge (see Indicator 4 for a number inclusive of both)

An increase in uncollected property taxes may indicate an inability by property owners to pay their taxes due to economic conditions. Additionally, as uncollected property taxes rise, liquidity decreases, resulting in less cash on hand for the Town to invest. Bond rating agencies generally consider uncollected taxes in excess of five percent as a warning trend. Lexington has maintained a strong position on this indicator, even during the current economic downturn.

Lexington Trend	
Favorable	✓
Marginal	
Unfavorable	
Uncertain	

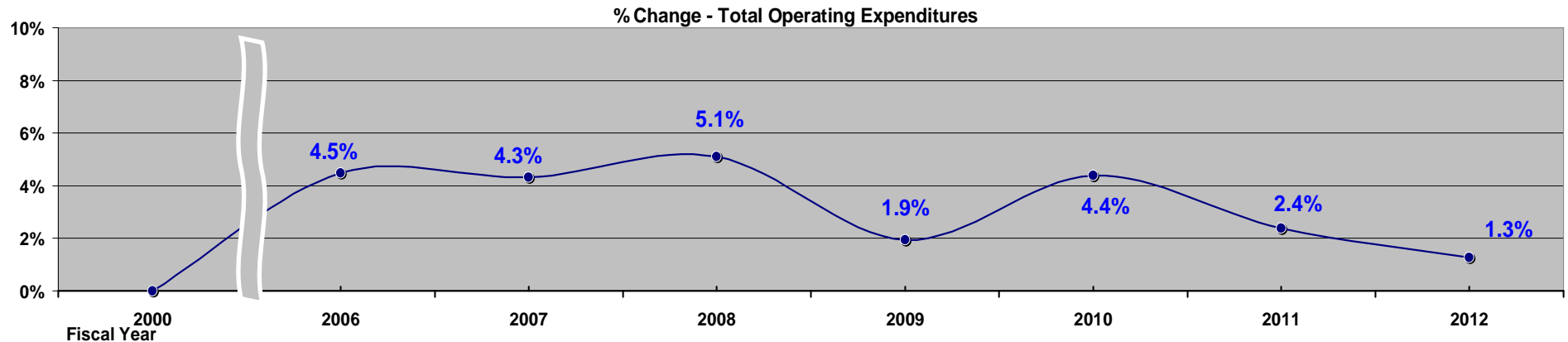


# Town of Lexington

Summit I – October 3<sup>rd</sup> 2012

## Indicator I.6: Expenditures Per Department

Increasing operating expenditures, in constant dollars, may be a warning indicator if increases are the result of fixed or unsustainable costs.



Fiscal year	2000*	2006	2007*	2008*	2009 <sup>3</sup>	2010 <sup>4</sup>	2011 <sup>5</sup>	2012 <sup>6</sup>
Education	\$ 45,998,542	\$ 61,482,994	\$ 63,436,428	\$ 67,308,821	\$ 63,828,802	\$ 65,905,578	\$ 67,945,197	\$ 72,892,034
Shared Expenses (Benefits, Debt)	\$ 12,548,933	\$ 22,433,112	\$ 25,481,057	\$ 26,971,492	\$ 29,195,602	\$ 31,239,975	\$ 32,866,993	\$ 33,202,243
Public Works	\$ 6,537,136	\$ 8,106,383	\$ 8,267,110	\$ 9,481,706	\$ 8,300,676	\$ 8,424,261	\$ 8,414,202	\$ 8,359,134
Public Facilities <sup>1</sup>	\$ -	\$ -	\$ -	\$ -	\$ 8,430,075	\$ 8,763,578	\$ 9,974,653	\$ 9,242,458
Public Safety <sup>2</sup>	\$ 7,287,524	\$ 8,798,303	\$ 9,139,072	\$ 9,790,600	\$ 9,953,574	\$ 10,530,736	\$ 10,528,156	\$ 10,961,859
Library	\$ 1,354,201	\$ 1,754,474	\$ 1,906,172	\$ 1,926,195	\$ 1,886,081	\$ 1,907,300	\$ 1,957,036	\$ 1,999,081
Human Services	\$ 412,759	\$ 399,114	\$ 580,902	\$ 579,374	\$ 493,666	\$ 376,979	\$ 443,098	\$ 484,833
Community Development	\$ 875,758	\$ 931,287	\$ 1,044,281	\$ 1,266,880	\$ 1,245,197	\$ 1,260,291	\$ 1,444,153	\$ 1,540,809
General Government	\$ 2,224,652	\$ 2,635,386	\$ 2,866,743	\$ 3,439,445	\$ 4,084,851	\$ 3,702,269	\$ 3,805,831	\$ 4,219,292
Total Operating Expenditure	\$ 77,239,505	\$ 106,541,053	\$ 112,721,765	\$ 120,764,513	\$ 127,418,524	\$ 132,110,966	\$ 137,379,320	\$ 142,901,743
Total Operating Expenditure (constant dollars)	\$ 77,239,505	\$ 86,650,764	\$ 88,924,387	\$ 93,463,998	\$ 95,278,328	\$ 99,459,872	\$ 101,828,459	\$ 103,126,963
Percent change from prior years	-	4.5%	4.3%	5.1%	1.9%	4.4%	2.4%	1.3%

<sup>1</sup> From FY 2000-FY 2008 cost of Public Facilities are components of spending in Public Works and Education

<sup>2</sup> Does not include retroactive pay to Fire personnel based on a yet-to-be-settled contractual agreement for FY10-12.

Estimates are: FY10 - \$23,000; FY11 - \$46,000; FY12 - \$114,000 for a total of \$227,000

<sup>3</sup> Includes \$799,359 of Health Insurance costs that were financed with federal stimulus funds paid to the Town to offset the fourth quarter cuts in Chapter 70 Aid.

<sup>4</sup> FY2010 does not include prospective cost of contractual settlements.

<sup>5</sup> Increase between FY10 and FY11 for Public Facilities is attributable to unanticipated costs associated with mitigating PCBs at the Estabrook Elementary School.

<sup>6</sup> The FY2012 expenditures for Public Works reflect a one-time expenditure of \$290,590 to mitigate the effects of the heavy snow storm on October 29th, 2011

**Notes:**

\* Years of successful overrides

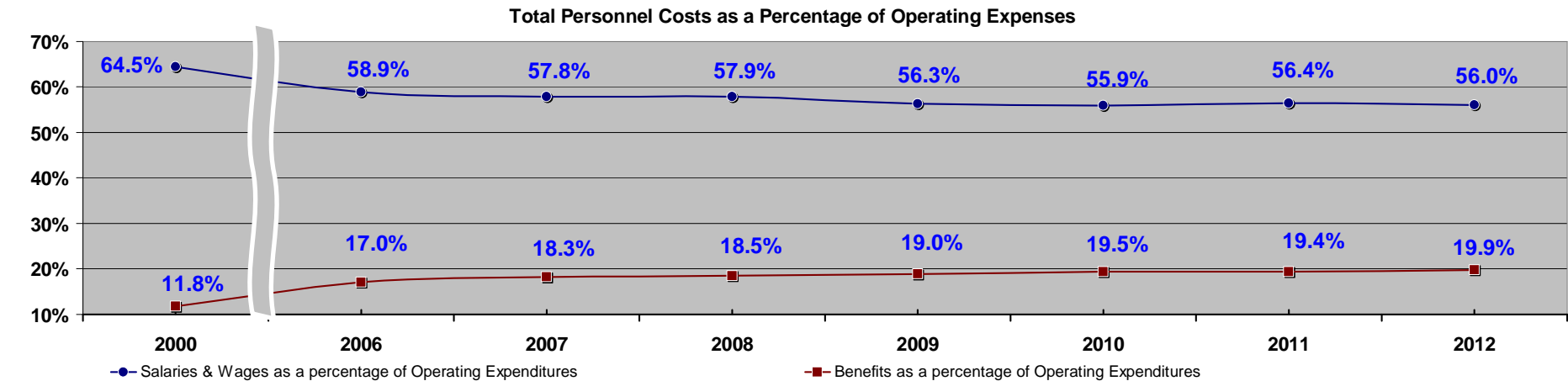
Increasing operating expenditures can indicate that the cost of providing services is exceeding the Town's ability to pay. Increasing expenditures may also indicate that the demographics of the Town are changing, requiring increased spending in related services.

<b>Lexington Trend</b>
<b>Favorable</b>
<b>Marginal</b>
<b>Unfavorable</b>
<b>Uncertain</b>



## Indicator I.7: Personnel Costs

*Increasing personnel costs as a percentage of total spending is considered a warning indicator.*



Fiscal Year	2000	2006	2007	2008	2009 <sup>2</sup>	2010	2011	2012
Operating Expenditures	\$ 77,239,505	\$ 106,541,053	\$ 112,721,765	\$ 120,764,513	\$ 127,418,524	\$ 132,110,966	\$ 137,379,320	\$ 142,901,743
Total Municipal Wages <sup>3</sup>	\$ 13,153,420	\$ 15,499,278	\$ 16,141,524	\$ 17,340,440	\$ 18,401,946	\$ 19,379,531	\$ 20,380,966	\$ 19,209,439
School Wages	\$ 36,641,456	\$ 47,255,639	\$ 49,061,328	\$ 52,587,927	\$ 53,372,059	\$ 54,440,560	\$ 57,098,128	\$ 60,874,480
Public Facilities Wages <sup>1</sup>	\$ -	\$ -	\$ -	\$ -	\$ 3,204,821	\$ 3,610,074	\$ 3,661,447	\$ 3,947,830
Benefits	\$ 9,108,833	\$ 18,151,124	\$ 20,619,283	\$ 22,388,517	\$ 24,163,229	\$ 25,702,400	\$ 26,650,960	\$ 28,380,746
Total Wage & Benefit Costs	\$ 58,903,709	\$ 80,906,041	\$ 85,822,135	\$ 92,316,884	\$ 99,142,054	\$ 103,132,564	\$ 107,791,502	\$ 112,412,496
<b>Salaries &amp; Wages as a percentage of Operating Expenditures</b>	<b>64.5%</b>	<b>58.9%</b>	<b>57.8%</b>	<b>57.9%</b>	<b>56.3%</b>	<b>55.9%</b>	<b>56.4%</b>	<b>56.0%</b>
<b>Benefits as a percentage of Operating Expenditures</b>	<b>11.8%</b>	<b>17.0%</b>	<b>18.3%</b>	<b>18.5%</b>	<b>19.0%</b>	<b>19.5%</b>	<b>19.4%</b>	<b>19.9%</b>
Total Wage & Benefit Costs as a percentage of Operating Expenditures	76.3%	75.9%	76.1%	76.4%	75.3%	75.3%	75.8%	75.9%

<sup>1</sup> Between FY 2000-FY2008 Public Facilities Wages were part of the amounts shown in "Municipal" and "School" Wages.

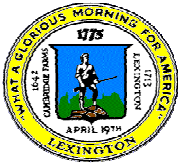
<sup>2</sup> Includes \$799,359 in both Operating Expenditures and Benefits costs that were financed with federal stimulus funds paid to the Town to offset the FY 09 fourth quarter cuts in Chapter 70 Aid.

<sup>3</sup> Does not include retroactive pay to Fire based on a yet-to-be-settled contractual agreement for FY10-12.

Estimates are: FY10 - \$23,000; FY11 - \$46,000; FY12 - \$114,000 for a total of \$227,000

Increasing salaries and wages as a percent of operating expenditures may be an indicator of two trends: 1) First, it may point to future pension and health insurance costs since both of these items are related to the number and compensation level of employees. 2) Second, if salaries and wages as a percent of operating expenditures are increasing, it may be an indicator of deferred maintenance of the Town's infrastructure. Wages and benefits as a percentage of total expenditures have remained relatively constant, a positive indication that the Town is not sacrificing capital and maintenance in order to fund personnel.

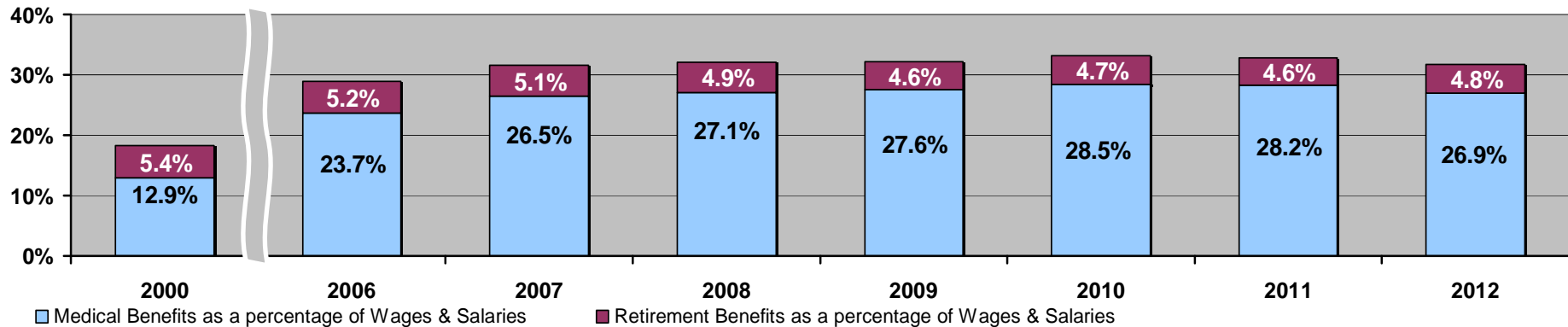
<b>Lexington Trend</b>
<b>Favorable</b>
<b>Marginal</b>
<b>Unfavorable</b>
<b>Uncertain</b>



## Indicator I.8: Employee Benefits

*Increasing employee benefit costs as a percentage of wages and salaries is considered a warning indicator.*

**Medical and Retirement Benefits as a Percentage of Wages & Salaries**



Fiscal Year	2000	2006	2007	2008	2009 <sup>1</sup>	2010	2011	2012
Medical Benefits	\$ 6,442,875	\$ 14,874,738	\$ 17,293,355	\$ 18,965,998	\$ 20,681,318	\$ 22,030,891	\$ 22,920,405	\$ 22,616,553
Retirement Benefits	\$ 2,665,958	\$ 3,276,386	\$ 3,325,928	\$ 3,422,519	\$ 3,481,911	\$ 3,671,509	\$ 3,730,555	\$ 4,015,915
Wages & Salaries - Municipal <sup>3</sup>	\$ 13,153,420	\$ 15,499,278	\$ 16,141,524	\$ 17,340,440	\$ 18,401,946	\$ 19,379,531	\$ 20,380,966	\$ 19,209,439
Wages & Salaries - Schools	\$ 36,641,456	\$ 47,255,639	\$ 49,061,328	\$ 52,587,927	\$ 53,372,059	\$ 54,440,560	\$ 57,098,128	\$ 60,874,480
Wages & Salaries - Public Facilities <sup>2</sup>	\$ -	\$ -	\$ -	\$ -	\$ 3,204,821	\$ 3,610,074	\$ 3,661,447	\$ 3,947,830
Total Wages & Salaries	\$ 49,794,876	\$ 62,754,917	\$ 65,202,852	\$ 69,928,368	\$ 74,978,826	\$ 77,430,164	\$ 81,140,542	\$ 84,031,750
Medical Benefits as a percentage of Wages & Salaries	12.9%	23.7%	26.5%	27.1%	27.6%	28.5%	28.2%	26.9%
Retirement Benefits as a percentage of Wages & Salaries	5.4%	5.2%	5.1%	4.9%	4.6%	4.7%	4.6%	4.8%
Total Benefits Spending as % of Wages	18.3%	28.9%	31.6%	32.0%	32.2%	33.2%	32.8%	31.7%

<sup>1</sup> Includes \$799,359 of Health Insurance costs that were financed with federal stimulus funds paid to the Town to offset the fourth quarter cuts in Chapter 70 Aid.

<sup>2</sup> Between FY 2000-FY2008 Public Facilities Wages were part of the amounts shown in "Municipal" and "School"

<sup>3</sup> Does not include retroactive pay to Fire based on a yet-to-be-settled contractual agreement for FY10-12.

Estimates are: FY10 - \$23,000; FY11 - \$46,000; FY12 - \$114,000 for a total of \$227,000

\*Pension holiday taken by Town in FY 2004.

Fringe benefits represent a significant and increasing share of the Town's operating costs. However, this analysis excludes fringe benefits such as sick leave buy-back liabilities and vacation accruals. Regardless, benefit spending as a percentage of wages and salaries has almost doubled since 2000, though it has leveled off in recent years. Note that per the current pension funding schedule, the Lexington Retirement System's unfunded pension liability will be retired in 2020.

Lexington Trend	
Favorable	
Marginal	
Unfavorable	
Uncertain	



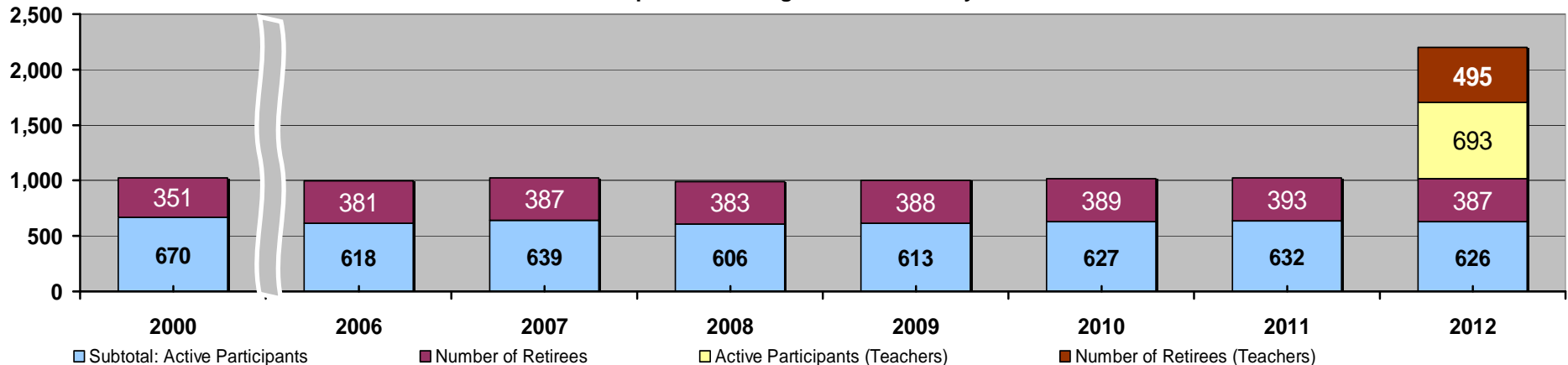
## Town of Lexington

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## Indicator I.9: Retirement Participants

*An increase in retirement system participants, without fully funding the associated post-retirement health costs, is considered a warning trend.*

Participants in Lexington Retirement System



Calendar Year (as of December 31)	2000	2006	2007	2008	2009	2010	2011	2012
Number of School Employees (Non-teaching)	N/A	325	365	314	311	327	337	326
Number of Municipal Employees	N/A	293	274	292	302	300	295	300
Active Participants	670	618	639	606	613	627	632	626
Number of Retirees	351	381	387	383	388	389	393	387
Active Teachers	-	-	-	-	-	-	-	693
Number of Retired Teachers	-	-	-	-	-	-	-	495
<b>Total</b>	<b>1021</b>	<b>999</b>	<b>1026</b>	<b>989</b>	<b>1001</b>	<b>1016</b>	<b>1025</b>	<b>2201</b>

Note: Teachers do not belong to the Lexington Retirement System, and are instead members of the Massachusetts Teacher Retirement System (MTRS).

Lexington has an aggressive approach to funding its pension liabilities, but does not have a comprehensive plan to fund its post-employment health liabilities. Nevertheless, since 2000 the town has maintained a fairly stable balance in its number of retirees versus active participants in the system. For more information on the Town's Other Post Employment Liabilities, (OPEB), please refer to Appendix C, OPEB.

Lexington Trend	
Favorable	✓
Marginal	
Unfavorable	
Uncertain	



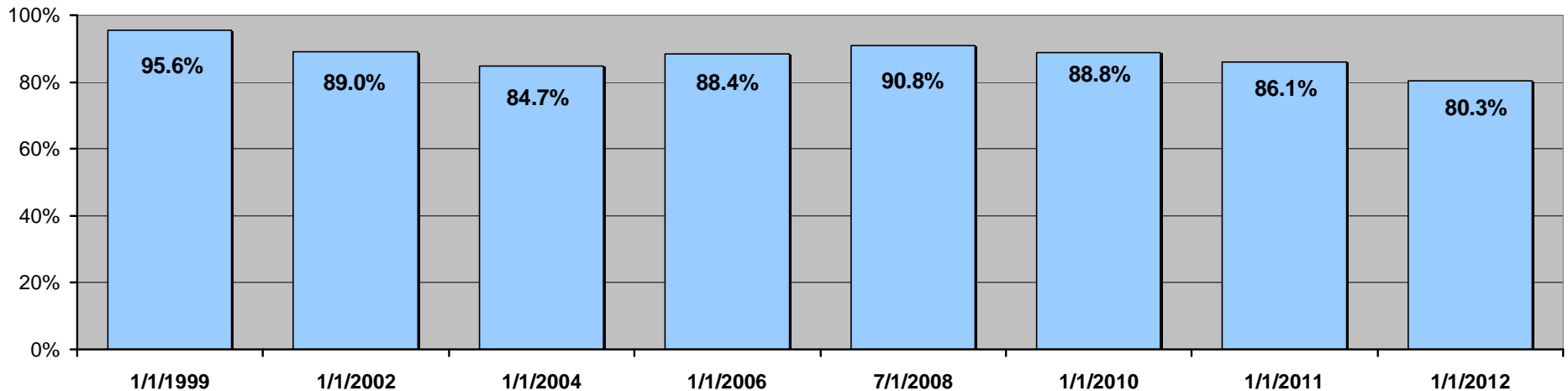
## Town of Lexington

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## Indicator I.10: Pension Liability

*An unfunded pension liability or increase in the unfunded liability is considered a warning indicator.*

**Pension Liability (% funded)**



Actuarial Date	1/1/1999	1/1/2002	1/1/2004	1/1/2006	7/1/2008	1/1/2010	1/1/2011	1/1/2012
Total Liability	\$ 74,362,000	\$ 86,500,000	\$ 98,031,000	\$ 111,724,000	\$ 125,412,000	\$133,456,115	\$140,200,000	\$151,131,987
Pension Assets	\$ 71,069,000	\$ 77,015,000	\$ 83,050,000	\$ 98,759,000	\$ 113,880,000	\$118,558,908	\$120,655,958	\$121,339,690
Pension Liability (unfunded)	\$ 3,293,000	\$ 9,485,000	\$ 14,981,000	\$ 12,965,000	\$ 11,532,000	\$14,897,207	\$19,544,042	\$29,792,297
Percent Funded	95.6%	89.0%	84.7%	88.4%	90.8%	88.8%	86.1%	80.3%

As of January 1, 2008, the Lexington Retirement System was fully funded. With the onset of the economic downturn in 2008, full funding was short-lived. The figure shown for 2008 is therefore adjusted as of July 1st of that year. At the peak of the downturn, total system assets dropped from approximately \$123 million at full funding to a little less \$80 million. As of January 1, 2012, the actuarial valuation of assets was \$121.3 million and the Retirement System was at 80.3% funding.

Lexington Trend	
Favorable	
Marginal	✓
Unfavorable	
Uncertain	

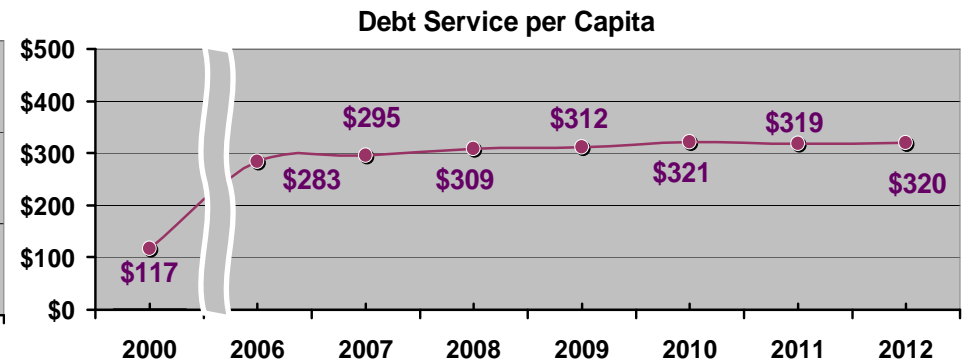
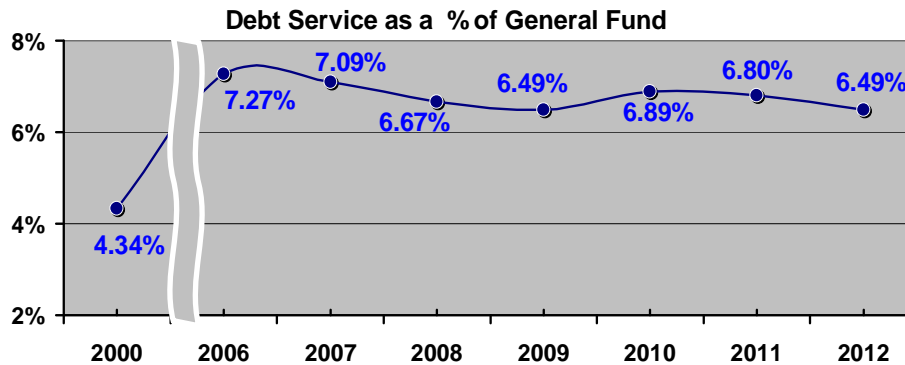


# Town of Lexington

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## Indicator I.11: Debt Service

Debt Service exceeding 20 percent of operating revenues is considered a warning indicator by the credit rating organizations.



Fiscal Year	2000	2006	2007	2008	2009	2010	2011	2012
Exempt Debt Service	\$ 120,000	\$ 4,943,313	\$ 5,127,256	\$ 5,372,874	\$ 5,593,372	\$ 5,746,385	\$ 5,753,550	\$ 5,721,834
Within Levy Debt Service	\$ 3,419,863	\$ 3,490,750	\$ 3,720,061	\$ 3,530,207	\$ 3,755,361	\$ 4,315,849	\$ 4,614,721	\$ 4,675,464
<b>Total Debt Service</b>	<b>\$ 3,539,863</b>	<b>\$ 8,434,063</b>	<b>\$ 8,847,317</b>	<b>\$ 8,903,081</b>	<b>\$ 9,348,733</b>	<b>\$ 10,062,234</b>	<b>\$ 10,368,271</b>	<b>\$ 10,397,298</b>
Gross Operating Revenue	\$ 81,597,556	\$ 116,002,929	\$ 124,745,872	\$ 133,554,286	\$ 144,131,700	\$ 146,116,341	\$ 152,465,461	\$ 160,271,333
Population	30,355	29,771	30,002	28,852	29,959	31,325	32,526	33,098
<b>Debt Service as a % of General Fund Revenue</b>	<b>4.34%</b>	<b>7.27%</b>	<b>7.09%</b>	<b>6.67%</b>	<b>6.49%</b>	<b>6.89%</b>	<b>6.80%</b>	<b>6.49%</b>
<b>Debt Service per Capita</b>	<b>\$ 117</b>	<b>\$ 283</b>	<b>\$ 295</b>	<b>\$ 309</b>	<b>\$ 312</b>	<b>\$ 321</b>	<b>\$ 319</b>	<b>\$ 314</b>

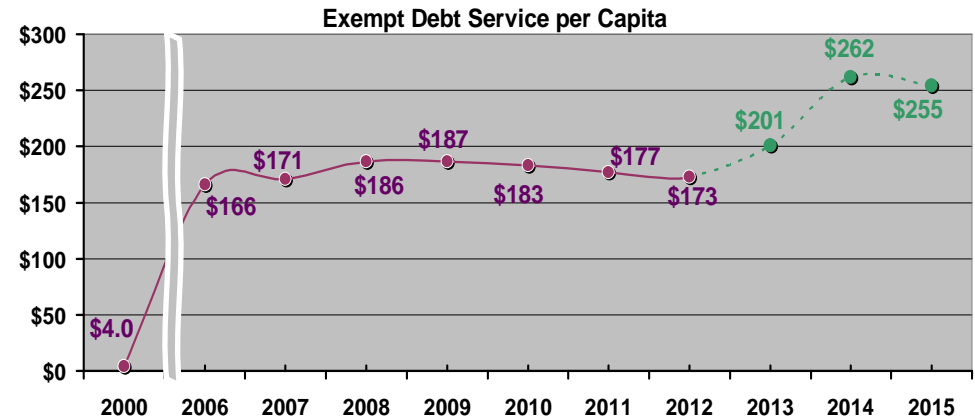
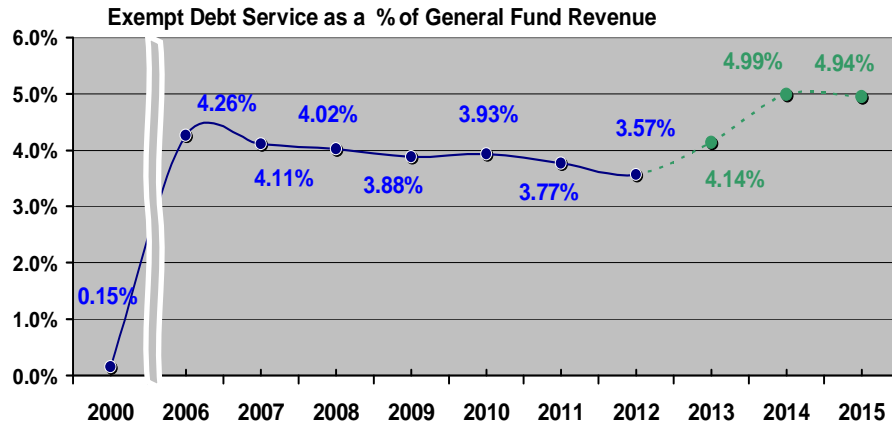
<sup>1</sup>Gross Operating Revenue figure includes \$799,539 in federal stimulus funds used to offset cuts in FY 09 Chapter 70 monies.

Over the last ten years, Lexington has invested extensively in new capital projects; five separate school reconstruction projects, new athletic fields, a street reconstruction project, and a \$26 million Public Services Building have been funded through the successful passage of debt exclusion votes by residents. This increase in exempt debt service has resulted in increases in the budget and consequently in taxes to Lexington citizens. Within-levy debt has fluctuated slightly throughout the last five years, dependent upon the short-term capital needs of the community. However, since FY 2004 the amount of debt per capita and per household has remained relatively steady.

Lexington Trend
Favorable
Marginal
Unfavorable
Uncertain



## Indicator I.11(a): Projected Exempt Debt Service



Fiscal Year	2000	2006	2007	2008	2009	2010	2011	2012	Projected		
									2013	2014	2015
Exempt Debt Service	\$ 120,000	\$ 4,943,313	\$ 5,127,256	\$ 5,372,874	\$ 5,593,372	\$ 5,746,385	\$ 5,753,550	\$ 5,721,834	\$ 6,642,450	\$ 8,671,624	\$ 8,423,629
Gross Operating Revenue	\$81,597,556	\$ 116,002,929	\$ 124,745,872	\$ 133,554,286	\$ 144,131,700	\$ 146,116,341	\$ 152,465,461	\$ 160,271,333	\$ 160,406,519	\$ 171,412,111	\$ 168,132,693
Population	30,355	29,771	30,002	28,852	29,959	31,325	32,526	33,098	33,098	33,098	33,098
Debt Service as a % of General Fund Revenue	0.15%	4.26%	4.11%	4.02%	3.88%	3.93%	3.77%	3.57%	4.14%	5.06%	5.01%
Debt Service per Capita	\$ 4.0	\$ 166	\$ 171	\$ 186	\$ 187	\$ 183	\$ 177	\$ 173	\$ 201	\$ 262	\$ 255

This indicator shows Lexington's history of exempt debt service, and projects its growth into Fiscal 2015 (noted in green). Population has been kept constant. Note that while there is a brief spike in Fiscal Year 2014, both exempt debt as a percent of revenues and per capita fall again in 2015.

Lexington Trend	
Favorable	✓
Marginal	
Unfavorable	
Uncertain	





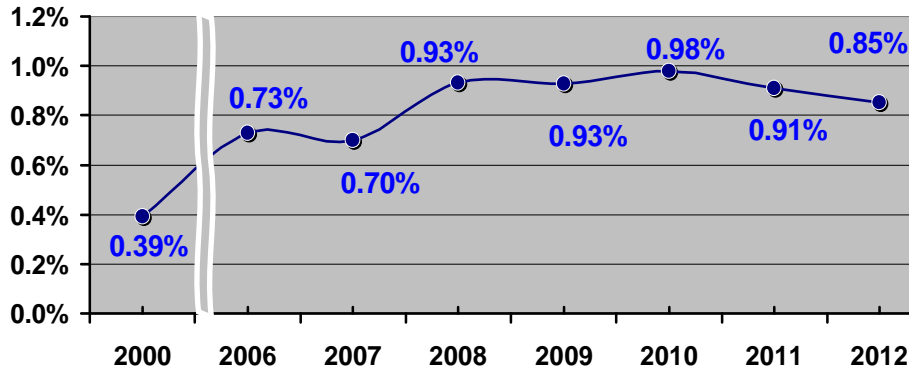
## Town of Lexington

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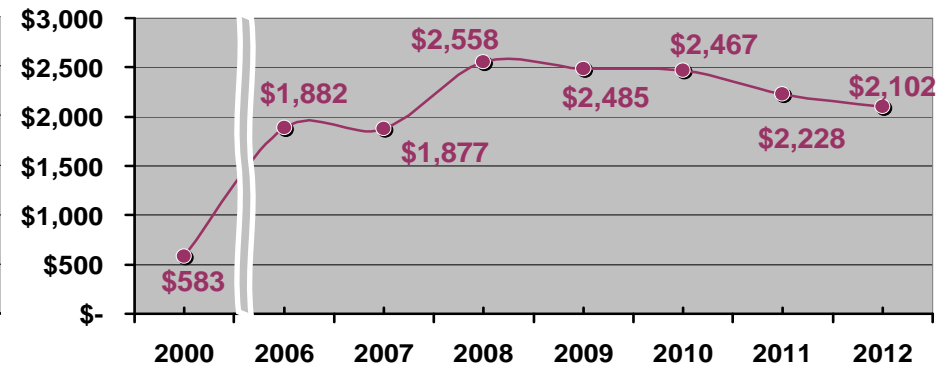
## Indicator I.12: Long Term Debt

Overall debt exceeding 10 percent of assessed valuation is considered a warning indicator by bond rating agencies.

Long-Term Debt as a % of Assessed Valuation



Long-Term Debt Per Capita



Fiscal Year	2000	2006	2007	2008	2009	2010	2011	2012
Bonds Outstanding (all funds)	\$ 17,686,201	\$ 56,019,434	\$ 56,304,583	\$73,803,344	\$74,457,027	\$ 77,270,164	\$72,458,630	\$68,362,969
Assessed Valuation	\$ 4,506,277,290	\$7,686,268,530	\$ 8,059,234,580	\$7,929,164,350	\$8,033,608,130	\$7,891,590,610	\$7,973,719,190	\$8,026,687,320
Population	30,355	29,771	30,002	28,852	29,959	31,325	32,526	32,525
Long-Term Debt as a % of Assessed Valuation	0.39%	0.73%	0.70%	0.93%	0.93%	0.98%	0.91%	0.85%
Long-Term Debt Per Capita	\$ 583	\$ 1,882	\$ 1,877	\$ 2,558	\$ 2,485	\$ 2,467	\$ 2,228	\$ 2,102

### Notes:

Sources: Outstanding Long-term Debt & Assessed value information from Bond Prospectus & Operating Statements

Population from U.S. Census Bureau, Town of Lexington annual census

Per Capita income estimated from U.S. Census Bureau & Bureau of Economic Analysis, adjusted for inflation, using 2000 Census as base

These financial indicators are evaluated by the credit rating organizations because they are measures of both the community's debt burden as well as its level of effort in investing in its capital facilities. On both measures, Lexington has a strong profile.

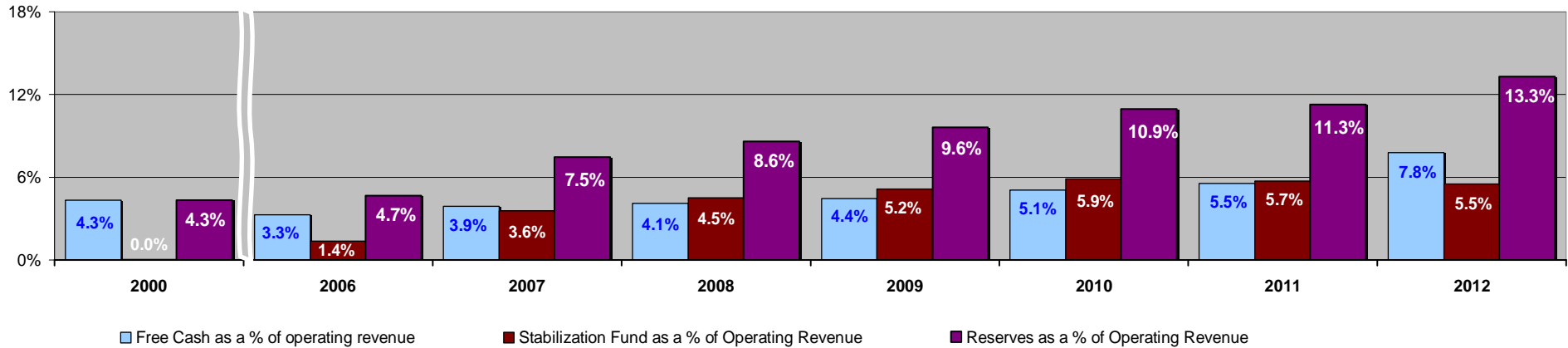
Lexington Trend	
Favorable	✓
Marginal	
Unfavorable	
Uncertain	



## Indicator I.13: Reserves and Fund Balance

*Declining reserves as a percent of operating revenues is a warning indicator. The Government Finance Officers Association (GFOA) recommends an undesignated fund balance between 5-15 % of operating revenues.*

**Reserves as a % of Operating Revenue**



Fiscal Year	2000*	2006	2007*	2008*	2009 <sup>1</sup>	2010	2011	2012 <sup>2</sup>
Undesignated Fund Balance <sup>1</sup>	\$ 5,013,984	\$ 6,244,118	\$ 6,836,856	\$ 9,267,359	\$ 10,445,940	\$ 11,254,915	\$ 12,795,000	\$ 16,400,000
Certified Free Cash	\$ 3,528,323	\$ 3,802,347	\$ 4,861,516	\$ 5,481,716	\$ 6,159,509	\$ 7,125,000	\$ 8,134,100	\$ 12,000,000
Stabilization Fund	\$ 18,280	\$ 1,615,948	\$ 4,461,675	\$ 6,022,840	\$ 7,133,877	\$ 8,234,948	\$ 8,376,820	\$ 8,551,561
Net Operating Revenues	\$ 81,597,556	\$ 116,002,929	\$ 124,745,872	\$ 133,554,286	\$ 138,499,057	\$ 140,369,956	\$ 146,711,911	\$ 154,549,499
<b>Free Cash as a % of operating revenue</b>	<b>4.3%</b>	<b>3.3%</b>	<b>3.9%</b>	<b>4.1%</b>	<b>4.4%</b>	<b>5.1%</b>	<b>5.5%</b>	<b>7.8%</b>
<b>Stabilization Fund as a % of Operating Revenue</b>	<b>0.0%</b>	<b>1.4%</b>	<b>3.6%</b>	<b>4.5%</b>	<b>5.2%</b>	<b>5.9%</b>	<b>5.7%</b>	<b>5.5%</b>
<b>Reserves as a % of Operating Revenue</b>	<b>4.3%</b>	<b>4.7%</b>	<b>7.5%</b>	<b>8.6%</b>	<b>9.6%</b>	<b>10.9%</b>	<b>11.3%</b>	<b>13.3%</b>

<sup>1</sup>Net Operating Revenues include \$799,539 in federal stimulus funds used to offset the FY 09 fourth quarter cut in Chapter 70 aid.

<sup>2</sup> This number reflects an estimate of the free cash amount for FY13, pending certification by the Department of Revenue.

\*Denotes Fiscal Year where Proposition 2 1/2 Override was approved by voters.

The Town of Lexington has several types of reserves. Historically, the Town had previously relied upon Free Cash as its primary source of reserves. The Selectmen's Ad Hoc Financial Policy Committee made a series of recommendations to further strengthen the Town's reserves and create a series of small, targeted reserves for specific purposes.

In recent years, the Town has strengthened its reserve position by augmenting and transferring money into the Town's Stabilization Fund. This adds financial flexibility to the Town's operations and provides a buffer against economic downturns. (See Indicator I.2)

Lexington Trend
Favorable
Marginal
Unfavorable
Uncertain



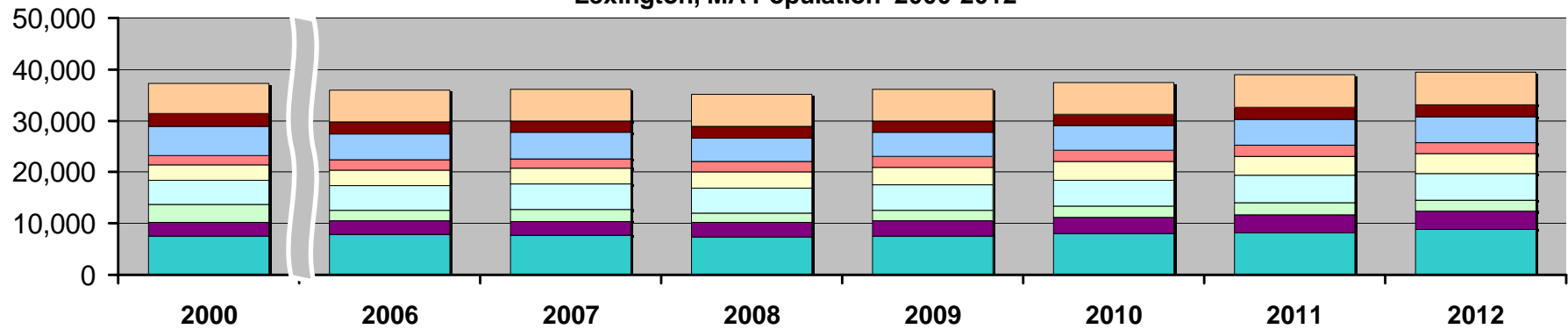
# Town of Lexington

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## Indicator I.14: Population

*Rapid changes in population which may effect service levels may be considered a warning indicator.*

Lexington, MA Population 2000-2012



Under 20 20 - 29 years old 30 - 39 years old 50 - 59 years old 60 - 69 years old 80+ 40 - 49 years old 70 - 79 years old LPS Enrollment

Calendar Year	2000	2006	2007	2008	2009	2010	2011	2012	% Change CY 2000- 2012
Under 20	7,566	7,881	7,757	7,317	7,540	7,949	8,277	8,928	18.0%
20 - 29 years old	2,573	2,586	2,686	2,836	3,018	3,185	3,496	3,421	33.0%
30 - 39 years old	3,617	2,065	2,260	1,860	1,992	2,197	2,257	2,162	-40.2%
40 - 49 years old	5,606	4,946	5,150	4,536	4,654	4,853	4,941	5,092	-9.2%
50 - 59 years old	4,657	4,912	4,995	4,851	5,000	5,122	5,291	5,269	13.1%
60 - 69 years old	2,922	3,015	2,990	3,192	3,389	3,597	3,690	3,746	28.2%
70 - 79 years old	2,637	2,366	2,314	2,211	2,231	2,240	2,305	2,289	-13.2%
80+	1,929	2,000	1,850	2,049	2,135	2,182	2,269	2,191	13.6%
Totals	31,507	29,771	30,002	28,852	29,959	31,325	32,526	33,098	5.0%
LPS Enrollment	5,807	6,199	6,195	6,191	6,104	6,131	6,367	6,403	10.3%

**Notes:**

Annual Population figures 2000-2012 come from Town Clerk.

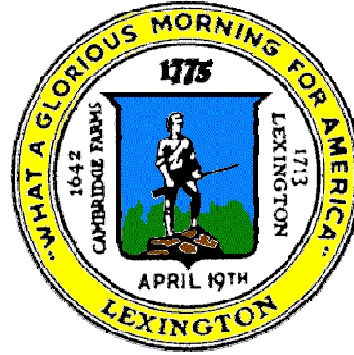
LPS Enrollment figures source: School Department Recommended Budget

A steady change in both population demographics and public school enrollment may signal a need for increased service delivery and programs. Since 2000, Lexington has seen an increase in its under-20 demographic of 18%, which is an indicator for increasing financial burden on the public school system, likewise reflected in the increase in school enrollment. Additionally, the town has also seen its 60-69 year old demographic increase by 28%, and it's over 80 demographic by 13.6%. An increasing senior population is likewise indicative of an increasing financial burden on the town's ability to provide social services to this group.

Lexington Trend	
Favorable	
Marginal	
Unfavorable	
Uncertain	



# *Town of Lexington*



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## Financial Summit I

Revenue and Expenditure Projections:

*Fiscal Years 2014-2016*



Budget decisions that are made within a given fiscal year often have significant implications for subsequent fiscal years. The revenue and expenditure projection within this packet is intended to facilitate discussion among community “stakeholders” with the hope that it will result in the identification of issues that call for further discussion and analysis as the FY09 budget cycle unfolds.

This forecast projects general fund revenues and expenditures for the period FY2014 to FY2016. It is important to emphasize that the projection is not a proposed or recommended budget. It is a tool for planning, not budgeting.

The forecasting methodology is a maintenance budget approach; that is, the projected increase in costs needed to maintain the “current level of services” reflected in the adopted FY13 budget. As a general rule, it only includes increases driven by estimated inflationary pressures, current collective bargaining agreements and other existing purchase of service contracts.

Revenues are generally projected based on historical experience.

The difference between projected revenues and expenditures is characterized as “available balance/shortfall”; that is, the available balance that can be used to fund “variable cost drivers”, e.g., finance capital projects, provide for salary increases, restore services eliminated or reduced in a prior fiscal year, fund reserves, etc.

**Summary of Revenue/Expense Projections (supporting detail on next page)**

Revenue Summary	FY2013 <u>Revised</u>	<u>B</u> FY 2014 <u>Projection</u>	<u>C</u> FY 2015 <u>Projection</u>	<u>D</u> FY 2016 <u>Projection</u>
<b>Total Revenues</b>	\$ 160,406,519	\$ 171,412,111	\$ 168,132,693	\$ 173,895,900
<b>Expense Summary</b>				
<b>Total Expenses</b>	\$ 160,406,519	\$ 163,224,610	\$ 164,296,648	\$ 167,716,512
<b>Surplus/(Shorfall)</b>	\$ -	\$ 8,187,502	\$ 3,836,045	\$ 6,179,388

Variable Cost Drivers	FY 2014	FY 2015	FY 2016	
Municipal Wages	\$ 251,946.02	\$ 509,686.80	\$ 770,803.40	Cumulative impact of 1% salary increase annually
School Wages	\$ 659,156.86	\$ 1,339,680.00	\$ 2,035,634.75	
New Debt Services	\$ 160,000.00	\$ 315,625.00	\$ 466,875.00	Cost per \$1 million Debt Service annually

Notes:

Does NOT include Exempt Debt



# Town of Lexington

## Summit I – October 3<sup>rd</sup> 2012

# Revenue and Expenditure Projections

## FY2014 – FY2016

### Revenue Summary

	A FY2013 Revised	B FY 2014 Projection	C FY 2015 Projection	D FY 2016 Projection	
1 Property Tax Levy	\$ 133,879,231	\$ 139,095,798	\$ 144,573,192	\$ 150,187,522	Reflects statutory annual growth of 2.5% and assumed new growth of \$2.0 million annually
2 State Aid	\$ 9,410,134	\$ 9,410,134	\$ 9,410,134	\$ 9,410,134	Assumes level funding of Final FY13 Cherry Sheet Aid
3 Local Receipts	\$ 10,188,650	\$ 10,571,879	\$ 10,745,066	\$ 10,774,943	Assumes modest growth in local receipts based on evaluation of historical averages
4 Available Funds	\$ 7,040,652	\$ 12,775,160	\$ 4,025,160	\$ 4,025,160	Free cash estimates of \$12 million in FY14 and \$3.5 million thereafter; all years include approx. \$83,000 from TDM Stabilization Fund to support Lexpress; \$250,000 allocated in FY14 from Avalon Bay Student Enrollment Mitigation Fund.
5 Revenue Offsets	\$ (1,625,039)	\$ (1,953,751)	\$ (2,133,751)	\$ (2,014,751)	\$750K for overlay in FY13 and FY14 & \$900K in FY15 for reval yr.; \$300K set-aside for snow & ice deficit annually; Also includes Cherry Sheet Assessments increasing at 3.5% annually and Cherry Sheet Offsets (State Aid to Public Libraries and School Lunch reimbursement).
6 Other Revenues	\$ 1,512,892	\$ 1,512,892	\$ 1,512,892	\$ 1,512,892	Level funding of FY13 water, sewer and recreation indirects in FY14-FY16.
7 <b>Total Revenues</b>	<b>\$ 160,406,519</b>	<b>\$ 171,412,111</b>	<b>\$ 168,132,693</b>	<b>\$ 173,895,900</b>	
<b>Expenditure Summary</b>					
	A FY2013 Appropriated	B FY 2014 Projection	C FY 2015 Projection	D FY 2016 Projection	
8 <u>Education</u>					
LPS Wages	\$ 64,481,249	\$ 65,915,686	\$ 67,393,157	\$ 68,914,952	All contracts expire as of the end of fiscal/academic year 2012. Assumes 3% annual growth for steps less \$500k for staff turnover
9 LPS Expenses	\$ 12,147,107	\$ 12,511,520	\$ 12,886,866	\$ 13,523,472	Assumes increase of 3.0% to account for general inflationary increases plus increase of \$250,000 in FY16 due to final drawdown of LABBB credit
10 Minuteman	\$ 1,407,979	\$ 1,518,378	\$ 1,634,297	\$ 2,056,949	Assumes 5% growth annually + \$40,000 in each of FY15 and FY16 for capital construction planning + \$341,000 in FY16 being town's estimated share of debt service on a \$36 million bond for capital construction.
11 <u>Municipal</u>					
Municipal Wages	\$ 24,735,773	\$ 25,194,602	\$ 25,522,132	\$ 25,853,919	All contracts for FY13 and beyond are being negotiated; annual increases based on of steps in FY14-FY16 estimated at 1.3% of salaries
12 Municipal Expenses	\$ 14,400,542	\$ 14,852,636	\$ 15,429,480	\$ 15,930,943	Assumes general inflationary increases of 3% with following exceptions: fuel and heating oil at 7% per year; electricity and natural gas at 7% at expiration of current supply agreements in Fall, 2015; Lexpress and solid waste contracts at contractual rates of increase; \$100,000 each year for snow and ice.
13 <u>Shared Expenses</u>					
Debt Service	\$ 5,669,343	\$ 5,688,857	\$ 4,845,515	\$ 3,462,701	Based on Outstanding Within-Levy Debt for Debt authorized through 2012 ATM.
14 Retirement	\$ 4,217,937	\$ 5,297,813	\$ 5,467,911	\$ 5,170,886	Contributory Retirement assessment (based on 18 yr. amortization of unfunded liability and 7.75 interest rate assumption) plus Non-Contributory payments @ \$12,400 per year.
15 <b>Benefits</b>	<b>\$ 23,166,458</b>	<b>\$ 23,614,094</b>	<b>\$ 25,048,466</b>	<b>\$ 26,570,399</b>	
15a Medicare	\$ 1,295,261	\$ 1,372,977	\$ 1,455,356	\$ 1,542,677	6% inc. in Medicare, reflecting an increase in the number of eligible employees and increases in wages
15b H.I.	\$ 21,000,000	\$ 21,284,800	\$ 22,561,888	\$ 23,915,601	Health- assumes FY13 base (less FY13 mitigation payment) growing at 6% annually.
15c Dental	\$ 851,197	\$ 936,317	\$ 1,011,222	\$ 1,092,120	10% increase in FY14 and 8% in FY15 and FY16.
15d Life	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	level funding
16 Reserve Fund	\$ 900,000	\$ 900,000	\$ 900,000	\$ 900,000	Assumes no increase.
17 Workers Compensation	\$ 608,333	\$ 650,916	\$ 696,480	\$ 745,234	Average 7% increase annually
18 Unemployment	\$ 290,000	\$ 290,000	\$ 290,000	\$ 290,000	Level-Funded at FY13 Appropriation
19 Property & Lib. Insurance	\$ 630,000	\$ 667,800	\$ 707,868	\$ 750,340	Average of 6% inc. annually for property & liability insurance.
20 Uninsured Losses	\$ 125,000	\$ 150,000	\$ 175,000	\$ 200,000	\$25,000 increase annually to balance in this continuing balance account
21 Capital	\$ 3,697,327	\$ 3,316,057	\$ 2,503,227	\$ 2,522,905	FY13 includes \$2,102,029 for cash capital, \$1,425,586 for Street Set Aside and \$169,712 for municipal building envelope; FY15 and FY16 include cash capital at FY12 level, Building Envelope increasing annually by 2.5%, and Street Set Aside at FY13 level less supplemental \$400,000 voted last spring with base increasing at 2.5%.
22 Other	\$ 20,000	\$ 245,000	\$ 245,000	\$ 245,000	FY14 to FY16: Sr.Tax. work-off at \$45K + \$200k set-aside for unanticipated annual operating budget needs;
23 Non-Recurring Expenses	\$ 816,250	\$ 2,411,250	\$ 551,250	\$ 578,813	FY13 is \$500,000 to OPEB and \$316,250 for school transportation subsidy; FY14 and FY15 show OPEB growing by 5%; FY14 includes \$1.57 million for Grove St. construction and \$316,250 for year 2 of school transportation subsidy.
24 Unallocated Revenue	\$ 3,093,221	\$ -	\$ -	\$ -	
25 <b>Total Expenditures</b>	<b>\$ 160,406,519</b>	<b>\$ 163,224,610</b>	<b>\$ 164,296,648</b>	<b>\$ 167,716,512</b>	Not inclusive of cost of prospective collective bargaining agreements or additional debt service
26 <b>Available Balance</b>	<b>\$ -</b>	<b>\$ 8,187,502</b>	<b>\$ 3,836,045</b>	<b>\$ 6,179,388</b>	component of FY14 surplus is growth in free cash and health insurance savings; component of FY15 and FY16 surplus is health insurance savings
	\$ -	\$ 8,187,502	\$ 3,836,045	\$ 6,179,388	

### Variable Cost Drivers

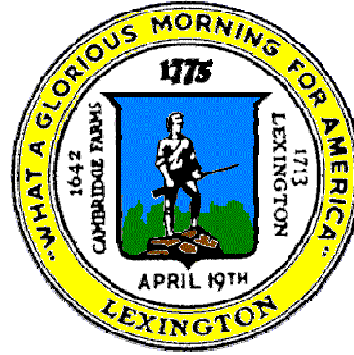
	FY2013	FY2014	FY2015	FY2016	
27 Municipal Wages	\$ 251,946	\$ 509,687	\$ 770,803	\$ 770,803	Cumulative impact of 1% salary increase annually
28 School Wages	\$ 659,157	\$ 1,339,680	\$ 2,035,635	\$ 2,035,635	Cumulative impact of 1% salary increase annually
29 New Debt Service	\$ 160,000	\$ 315,625	\$ 466,875	\$ 466,875	Cost of \$1 million debt service annually



1. Allocation of estimated Free Cash
2. Financial Impact of Potential Increases in Pension Assessment
3. Funding the OPEB Liability
4. Taxpayer impact of the Bridge, Bowman and Estabrook Schools Debt Exclusion
5. Financial Impact of Collective Bargaining Agreements



# *Town of Lexington*



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## Financial Summit I

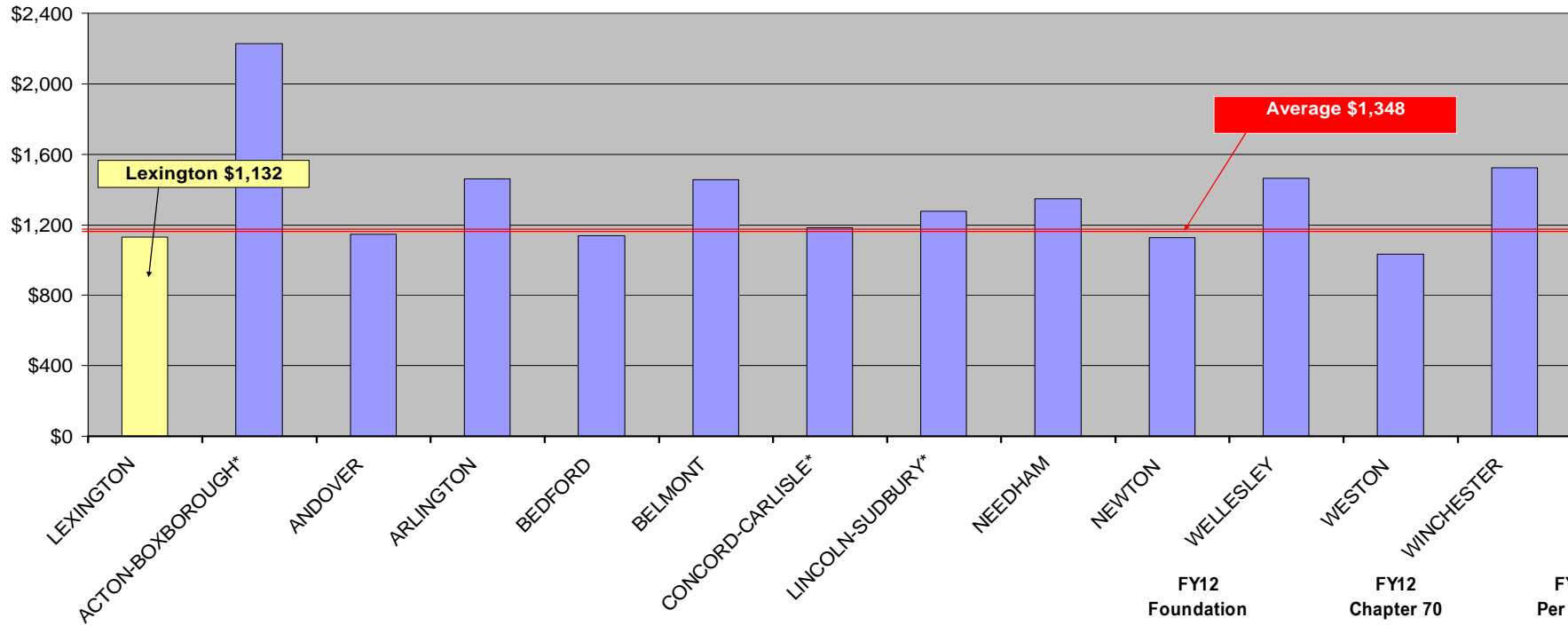
### Appendices



# *Town of Lexington* Summit I – October 3<sup>rd</sup> 2012

## Appendix A: Chapter 70 Comparative Data

Appendix A: Chapter 70 Spending per Pupil



The Chapter 70 formula is based on a variety of educational factors. The table at right shows that Lexington receives slightly below the average amount of Chapter 70 aid for comparable communities.

What the table does not show is the small percentage State Aid is of the total per pupil aid given to students in Lexington. Lexington receives only \$1,132 per pupil from the State and spends nearly \$11,000 per pupil on an annual basis.

District	FY12 Foundation Enrollment <sup>1</sup>	FY12 Chapter 70 Aid	FY12 Per Pupil Average
LEXINGTON	6,228	\$ 7,051,517	\$ 1,132
ACTON-BOXBOROUGH*	6,038	\$ 13,451,382	\$ 2,228
ANDOVER	6,050	\$ 6,928,057	\$ 1,145
ARLINGTON	4,713	\$ 6,880,580	\$ 1,460
BEDFORD	2,465	\$ 2,806,434	\$ 1,139
BELMONT	3,821	\$ 5,571,323	\$ 1,458
CONCORD-CARLISLE*	3,868	\$ 4,575,419	\$ 1,183
LINCOLN-SUDBURY*	5,820	\$ 7,439,311	\$ 1,278
NEEDHAM	5,184	\$ 6,991,720	\$ 1,349
NEWTON	11,991	\$ 13,504,221	\$ 1,126
WELLESLEY	4,917	\$ 7,202,028	\$ 1,465
WESTON	2,342	\$ 2,419,859	\$ 1,033
WINCHESTER	4,096	\$ 6,241,118	\$ 1,524
<b>AVERAGE</b>	<b>5,195</b>	<b>\$ 7,004,844</b>	<b>\$ 1,348</b>

<sup>1</sup> The Foundation Budget Enrollment represents only students officially enrolled as of October 1st in any given year, and is computed by the Massachusetts Department of Education.

\*Includes Ch. 70 aid to both regional & local districts.

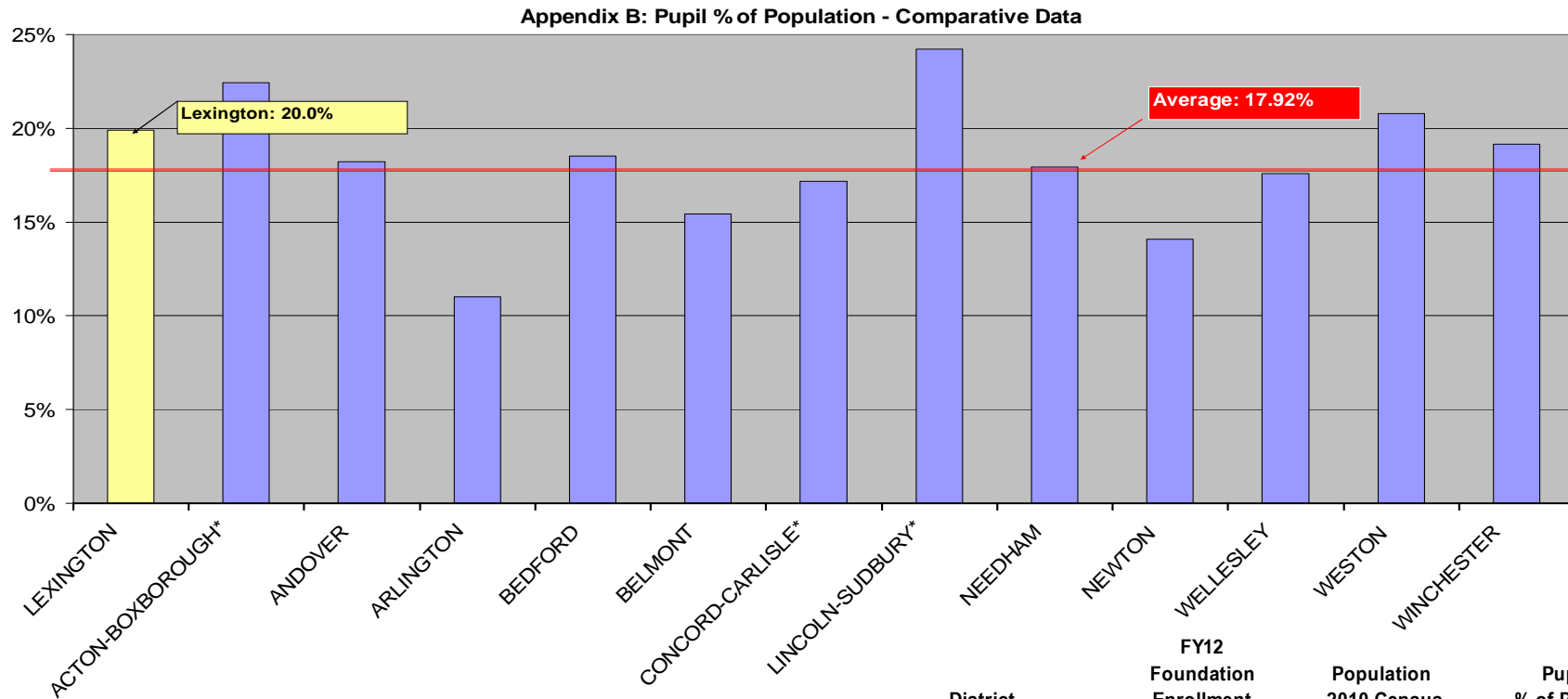
Source: Mass. Dept. of Education



## Town of Lexington

Summit I – October 3<sup>rd</sup> 2012

## Appendix B: Per Pupil Population Comparative Data



This chart shows the ratio of pupils as a percentage of the total population of a municipality (or in the case of joint school districts, municipalities).

Compared to the average for similar communities & school systems, Lexington has more students as a percentage of the population. (Also see Indicator I.15)

District	FY12 Foundation Enrollment	Population 2010 Census	Pupils as % of Population
LEXINGTON	6,228	31,325	19.9%
ACTON-BOXBOROUGH*	6,038	26,920	22.4%
ANDOVER	6,050	33,201	18.2%
ARLINGTON	4,713	42,844	11.0%
BEDFORD	2,465	13,320	18.5%
BELMONT	3,821	24,729	15.5%
CONCORD-CARLISLE*	3,868	22,520	17.2%
LINCOLN-SUDBURY*	5,820	24,021	24.2%
NEEDHAM	5,184	28,886	17.9%
NEWTON	11,991	85,146	14.1%
WELLESLEY	4,917	27,982	17.6%
WESTON	2,342	11,261	20.8%
WINCHESTER	4,096	21,374	19.2%
<b>AVERAGE</b>	<b>5,022</b>	<b>29,531</b>	<b>17.92%</b>



**Schedule of Employer Contributions** (FY2007 and FY2008 at 2.0% Discount Rate; FY2009-FY2012 at 2.5% Discount Rate)

(A)	(B)	(C)	(D)	(E)	(F)	(G)
<b>FY Ending</b>	<b>Normal Cost Liability</b>	<b>Amortization Payments</b>	<b>Total Town ARC (B)+(C)</b>	<b>Retiree H.C. Appropriation</b>	<b>Medicare Part D Subsidy</b>	<b>Annual Unfunded (D)-(E)-(F)</b>
2007	\$ 13,690,000	\$ 6,220,000	\$ 19,910,000	\$ 4,810,000	\$ 400,000	\$ 14,700,000
2008	\$ 14,370,000	\$ 6,810,000	\$ 21,180,000	\$ 5,291,000	\$ 440,690	\$ 15,448,310
2009	\$ 9,783,078	\$ 12,442,641	\$ 22,225,719	\$ 5,953,878	\$ 479,399	\$ 15,792,442
2010	\$ 10,565,724	\$ 12,981,738	\$ 23,547,462	\$ 6,102,725	\$ 331,610	\$ 17,113,127
2011	\$ 8,770,134	\$ 14,967,774	\$ 23,737,908	\$ 6,837,760	\$ 395,212	\$ 16,504,936
2012	\$ 9,205,641	\$ 16,208,603	\$ 25,414,244	\$ 7,248,026	\$ 465,544	\$ 17,700,674

The Government Accounting Standards Board issued GASB Statement 45, which requires governments to measure and report the liabilities associated with other (than pension) postemployment benefits (or OPEB). Reported OPEBs may include post-retirement medical, pharmacy, dental, vision, life, long-term disability and long-term care benefits that are not associated with a pension plan. Unlike pension obligations, there is no requirement that Massachusetts municipalities begin to fund this liability. Nonetheless, over the last 4 fiscal years, Town Meeting has appropriated, at a minimum, the prior year's Medicare Part D payments made to the Town by the federal government to begin to fund the Town's OPEB liability.



## ENDING BALANCES AS OF FISCAL YEAR END

	As of 7/1/2007	As of 7/1/2008	As of 7/1/2009	As of 7/1/2010	As of 7/1/2011	As of 7/1/2012
Stabilization Fund	\$ 4,461,675	\$ 6,022,840	\$ 7,133,877	\$ 8,234,948	\$ 8,376,820	\$ 8,551,561
Transportation Demand	\$ -	\$ 222,697	\$ 216,693	\$ 255,063	\$ 305,844	\$ 297,902
Traffic Mitigation Stabilization Fund	\$ 226,278	\$ 253,310	\$ 284,515	\$ 160,528	\$ 327,159	\$ 346,477
School Bus Stabilization Fund	\$ 140,338	\$ 74,583	\$ 4,603	\$ 16	\$ 18	\$ 18
Special Education Stabilization Fund	\$ -	\$ 357,863	\$ 710,970	\$ 1,060,970	\$ 1,064,210	\$ 1,067,142
Other Post Employment Benefits (OPEB)			\$ 1,291,971	\$ 1,292,828	\$ 2,060,928	\$ 2,166,697

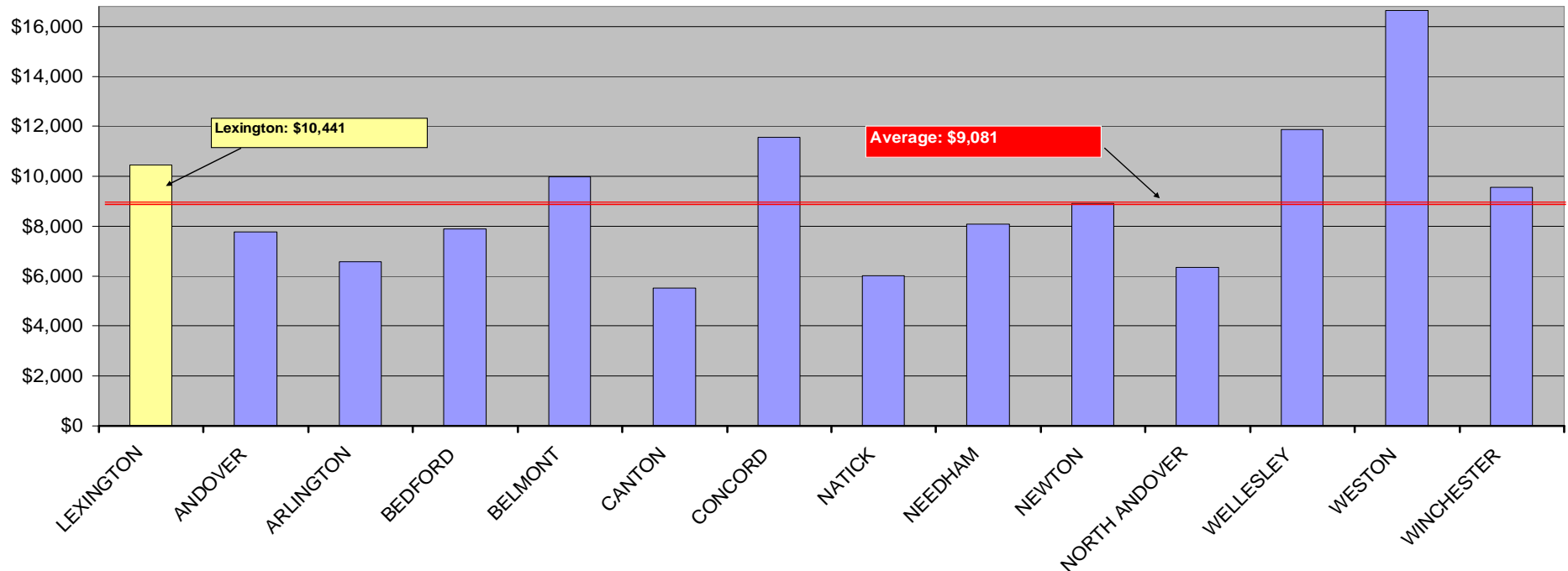


# Town of Lexington

Summit I – October 3<sup>rd</sup> 2012

## Appendix E: Average Residential Tax Bill

Appendix E: Average Residential Tax Bill - FY 2012



Municipality	Single Family Parcels (2012)	Average Value Single Family (2012)	Residential Tax Rate (2012)	Average Single Family Tax Bill (2012)
LEXINGTON	8,949	\$697,450	\$14.97	\$10,441
ANDOVER	8,501	\$550,219	\$14.15	\$7,786
ARLINGTON	7,982	\$480,598	\$13.66	\$6,565
BEDFORD	3,319	\$518,274	\$15.21	\$7,883
BELMONT	4,517	\$746,345	\$13.35	\$9,964
CANTON	5,316	\$464,008	\$11.91	\$5,526
CONCORD	4,567	\$851,550	\$13.58	\$11,564
NATICK	8,478	\$432,400	\$13.91	\$6,015
NEEDHAM	8,351	\$737,436	\$10.95	\$8,075
NEWTON	16,946	\$797,671	\$11.17	\$8,910
NORTH ANDOVER	6,198	\$456,212	\$13.92	\$6,350
WELLESLEY	7,282	\$1,033,118	\$11.48	\$11,860
WESTON	3,345	\$1,374,332	\$12.11	\$16,643
WINCHESTER	5,604	\$761,549	\$12.55	\$9,557
<b>AVERAGE</b>	<b>7,097</b>	<b>\$707,226</b>	<b>\$13.07</b>	<b>\$9,081</b>



# Town of Lexington

## Summit I – October 3<sup>rd</sup> 2012

## Appendix F: History of Revenues and Expenditures

Revenue Summary	FY 2006 <u>Actual</u>	FY 2007 <u>Actual</u>	FY 2008 <u>Actual</u>	FY 2009 <sup>2</sup> <u>Actual</u>	FY 2010 <u>Actual</u>	FY 2011 <u>Actual</u>	FY 2012 <u>Actual</u>
Property Tax Levy	\$ 93,955,886	\$ 100,432,867	\$ 109,459,733	\$ 115,977,132	\$ 121,010,869	\$ 126,897,691	\$ 132,445,308
State Aid	\$ 8,603,524	\$ 8,245,295	\$ 9,045,501	\$ 9,589,026	\$ 8,962,015	\$ 8,454,991	\$ 8,341,106
Local Receipts	\$ 13,321,875	\$ 12,910,181	\$ 11,889,778	\$ 10,161,999	\$ 11,067,649	\$ 11,614,932	\$ 11,899,444
Available Funds	\$ 2,188,182	\$ 4,923,000	\$ 4,216,097	\$ 5,620,168	\$ 6,053,619	\$ 6,838,842	\$ 7,733,170
Revenue Offsets	\$ (3,145,438)	\$ (1,530,137)	\$ (1,897,006)	\$ (1,508,732)	\$ (1,713,630)	\$ (1,687,257)	\$ (2,403,388)
<b>Total General Fund Revenues</b>	<b>\$ 114,924,029</b>	<b>\$ 124,981,206</b>	<b>\$ 132,714,103</b>	<b>\$ 139,839,593</b>	<b>\$ 145,380,521</b>	<b>\$ 152,119,199</b>	<b>\$ 158,015,639</b>
Other Revenues							
Revolving Funds	\$ 542,343	\$ 793,431	\$ 1,623,180	\$ 2,059,045	\$ 2,298,265	\$ 2,411,992	\$ 2,468,693
Grants	\$ 173,390	\$ 173,390	\$ 122,732	\$ 141,454	\$ 136,553	\$ 124,073	\$ 126,573
Enterprise Funds (Direct)	\$ 13,826,318	\$ 15,459,138	\$ 15,468,471	\$ 15,468,451	\$ 15,829,462	\$ 15,825,416	\$ 17,812,456
Enterprise Funds (Indirect)	\$ 1,789,916	\$ 1,772,313	\$ 1,752,885	\$ 1,649,339	\$ 1,701,209	\$ 1,615,973	\$ 1,564,441
<i>sub-total Other Revenues</i>	<i>\$ 16,331,967</i>	<i>\$ 18,198,272</i>	<i>\$ 18,967,268</i>	<i>\$ 19,318,289</i>	<i>\$ 19,965,489</i>	<i>\$ 19,977,454</i>	<i>\$ 21,972,163</i>
<b>Total Revenues</b>	<b>\$ 131,255,996</b>	<b>\$ 143,179,478</b>	<b>\$ 151,681,372</b>	<b>\$ 159,157,882</b>	<b>\$ 165,346,010</b>	<b>\$ 172,096,653</b>	<b>\$ 179,987,802</b>
<b>Expense Summary</b>	<b>FY 2006 <u>Actual</u></b>	<b>FY 2007 <u>Actual</u></b>	<b>FY 2008 <u>Actual</u></b>	<b>FY 2009 <u>Actual</u></b>	<b>FY 2010 <u>Actual</u></b>	<b>FY 2011 <u>Actual</u></b>	<b>FY 2012 <u>Actual</u></b>
Education							
Lex. Pub Schools Compen.	\$ 47,255,639	\$ 49,061,328	\$ 52,775,796	\$ 53,372,059	\$ 54,440,560	\$ 57,098,128	\$ 60,874,480
Lex. Pub Schools Expenses	\$ 13,397,121	\$ 12,325,466	\$ 13,338,808	\$ 8,946,145	\$ 9,753,464	\$ 9,308,258	\$ 10,314,624
<i>sub-total Lex. Pub. Schools</i>	<i>\$ 60,652,760</i>	<i>\$ 61,386,794</i>	<i>\$ 66,114,605</i>	<i>\$ 62,318,204</i>	<i>\$ 64,194,024</i>	<i>\$ 66,406,386</i>	<i>\$ 71,189,104</i>
Minuteman Reg. School 3	\$ 830,234	\$ 1,024,817	\$ 1,194,216	\$ 1,510,598	\$ 1,711,554	\$ 1,538,811	\$ 1,702,930
<i>sub-total Education</i>	<i>\$ 61,482,994</i>	<i>\$ 62,411,611</i>	<i>\$ 67,308,821</i>	<i>\$ 63,828,802</i>	<i>\$ 65,905,578</i>	<i>\$ 67,945,197</i>	<i>\$ 72,892,034</i>
Municipal							
Municipal Compen.	\$ 15,499,278	\$ 16,141,524	\$ 17,274,644	\$ 18,401,946	\$ 19,379,531	\$ 20,380,966	\$ 19,209,439
Municipal Expenses	\$ 7,125,669	\$ 7,662,756	\$ 9,402,310	\$ 7,562,099	\$ 7,785,739	\$ 8,539,069	\$ 8,539,069
<i>sub-total Municipal</i>	<i>\$ 22,624,947</i>	<i>\$ 23,804,280</i>	<i>\$ 26,676,954</i>	<i>\$ 25,964,045</i>	<i>\$ 27,165,269</i>	<i>\$ 28,920,035</i>	<i>\$ 27,748,508</i>
Shared Expenses							
Benefits & Insurance	\$ 19,015,811	\$ 21,720,932	\$ 23,425,240	\$ 25,233,150	\$ 26,993,423	\$ 28,008,696	\$ 28,380,746
Debt (within-levy)	\$ 3,417,301	\$ 3,760,125	\$ 3,572,204	\$ 3,755,361	\$ 4,315,849	\$ 4,614,721	\$ 4,849,052
Reserve Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 900,000
Public Facilities <sup>1</sup>	\$ -	\$ -	\$ -	\$ 8,430,075	\$ 8,763,578	\$ 9,974,653	\$ 9,974,653
<i>sub-total Shared Expenses</i>	<i>\$ 22,433,112</i>	<i>\$ 25,481,057</i>	<i>\$ 26,997,444</i>	<i>\$ 37,418,585</i>	<i>\$ 40,072,851</i>	<i>\$ 42,598,070</i>	<i>\$ 44,104,451</i>
<i>Revolving Funds</i>	<i>\$ 542,343</i>	<i>\$ 793,431</i>	<i>\$ 1,132,958</i>	<i>\$ 911,217</i>	<i>\$ 2,200,641</i>	<i>\$ 2,064,759</i>	<i>\$ 2,126,951</i>
<i>Grants</i>	<i>\$ 173,390</i>	<i>\$ 173,390</i>	<i>\$ 122,732</i>	<i>\$ 140,974</i>	<i>\$ 136,549</i>	<i>\$ 124,073</i>	<i>\$ 124,073</i>
Capital & Reserves							
Cash Capital (inc of roads)	\$ 1,153,000	\$ 1,195,000	\$ 1,355,000	\$ 1,520,750	\$ 1,545,719	\$ 1,983,112	\$ 2,461,602
Stabilization Fund	\$ 603,647	\$ 2,650,000	\$ 1,000,000	\$ 1,000,000	\$ 669,843	\$ 710,000	\$ -
CPA	\$ -	\$ 2,556,362	\$ 2,776,904	\$ 2,897,349	\$ 3,015,893	\$ 3,215,552	\$ 3,360,117
<i>sub-total Capital &amp; Reserves</i>	<i>\$ 1,756,647</i>	<i>\$ 6,401,362</i>	<i>\$ 5,131,904</i>	<i>\$ 5,418,099</i>	<i>\$ 5,231,455</i>	<i>\$ 5,908,664</i>	<i>\$ 5,821,719</i>
Enterprise Funds							
Water	\$ 5,408,102	\$ 5,630,539	\$ 5,609,660	\$ 7,241,305	\$ 7,190,800	\$ 7,509,107	\$ 7,978,817
Wastewater (Sewer)	\$ 6,279,508	\$ 6,686,970	\$ 6,618,170	\$ 8,083,478	\$ 8,083,388	\$ 7,987,015	\$ 8,904,147
Recreation	\$ 1,381,912	\$ 1,425,861	\$ 175,399	\$ 1,790,263	\$ 1,701,957	\$ 1,835,535	\$ 1,883,933
Enterprise Capital	\$ 80,000	\$ 75,000	\$ 25,000	\$ 85,305	\$ 111,000	\$ 90,000	\$ 610,000
<i>sub-total Enterprise Funds</i>	<i>\$ 13,149,522</i>	<i>\$ 13,818,370</i>	<i>\$ 12,428,229</i>	<i>\$ 17,200,352</i>	<i>\$ 17,087,145</i>	<i>\$ 17,421,657</i>	<i>\$ 19,376,897</i>
Exempt Debt							
Municipal	\$ 771,013	\$ 1,299,188	\$ 1,445,451	\$ 2,551,420	\$ 2,853,441	\$ 2,990,031	\$ 2,933,716
School	\$ 4,172,300	\$ 3,828,068	\$ 3,927,422	\$ 3,081,223	\$ 2,892,944	\$ 2,763,519	\$ 2,788,118
<i>sub-total Exempt Debt</i>	<i>\$ 4,943,313</i>	<i>\$ 5,127,256</i>	<i>\$ 5,372,873</i>	<i>\$ 5,632,643</i>	<i>\$ 5,746,385</i>	<i>\$ 5,753,550</i>	<i>\$ 5,721,834</i>
<b>Total Expenses</b>	<b>\$ 127,106,268</b>	<b>\$ 138,010,757</b>	<b>\$ 145,171,914</b>	<b>\$ 156,514,717</b>	<b>\$ 163,545,872</b>	<b>\$ 170,736,005</b>	<b>\$ 177,916,467</b>
<b>Balance</b>	<b>\$ 4,149,728</b>	<b>\$ 5,168,721</b>	<b>\$ 6,509,457</b>	<b>\$ 2,643,165</b>	<b>\$ 1,800,138</b>	<b>\$ 1,360,648</b>	<b>\$ 2,071,335</b>

<sup>1</sup> From FY 2000-FY 2008 cost of Public Facilities are components of spending in Public Works and Education

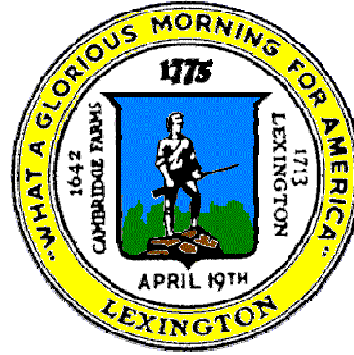
<sup>2</sup> Net Operating Revenue and Cherry Sheet Revenue includes \$799,539 in federal stimulus funds used to offset the fourth quarter cut in Chapter 70 aid.  
FY 2008 figures unaudited. Preliminary reconciliation only.



AUGUST	Issuance of Capital and Operating Budget Guidelines
OCTOBER 3 <sup>rd</sup>	SUMMIT I: Preliminary Revenue Estimates and Identification of Policy Issues for the Upcoming Budget Process
OCTOBER 19 <sup>th</sup>	Transmittal of Capital Requests to Capital Expenditures Committee (CEC) and Community Preservation Committee (CPC)
NOVEMBER 15 <sup>th</sup>	SUMMIT II: Submittal of Final Revenue Projection
JANUARY 8 <sup>th</sup>	Superintendent Submits Budget Proposal to the School Committee
JANUARY 14 <sup>th</sup>	Town Manager Submits Budget Proposal to the Selectmen
JANUARY 17 <sup>th</sup>	SUMMIT III: Identification of Gap Between Revenues and Expenditures
LATE FEBRUARY	Measures to Close Gap: Budget Reductions and/or Identification of Other Revenue Sources
MARCH 1 <sup>st</sup>	Transmittal of Recommended Budget to Town Meeting Members
MARCH 18 <sup>th</sup>	Town Meeting Begins (anticipated)
MARCH 20 <sup>th</sup>	Budget Presentations by Town Manager and Superintendent (anticipated)
MARCH 25 <sup>th</sup>	Town Meeting Begins Budget Deliberations (anticipated)



# *Town of Lexington*



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## Financial Summit I

### Options for Funding Budget Priorities



# Town of Lexington

Summit I – October 3<sup>rd</sup> 2012

## Funding Budget Priorities

	1	2	3
	Options for Funding Budget Priorities	FY13 ATM	FY13 STM
		<i>For Info. Only: Actions Approved at 2012 Annual Town Meeting</i>	<i>Proposed for Consideration at 2012 Special Town Meeting</i>
<b>A</b>	<b>Estimated Net Unallocated Revenue</b>		<b>\$ 2,893,000</b>
	<b>LESS:</b>		
<b>B</b>	<b>Street Maintenance/Reconstruction <sup>1</sup></b>	<b>\$ 400,000</b>	
<b>C</b>	<b>Additional Pension Costs (additional appropriation) <sup>2</sup></b>		<b>\$ 1,000,000</b>
<b>D</b>	<b>OPEB Fund (additional appropriation)</b>		<b>\$ 500,000</b>
<b>E</b>	<b>Article 17 (Reduce School Bus Fees) <sup>1, 3</sup></b>	<b>\$ 316,250</b>	
<b>F</b>	<b>Debt Exclusion Offset (Tax Relief) see page 4 <sup>1</sup></b>	<b>\$ 400,000</b>	
<b>G</b>	<b>Capital Projects/Debt Service Reserve/Building Renewal Fund</b>		<b>\$ 1,393,000</b>
<b>H</b>	<b>Balance</b>		
<b>I</b>	<b>Total</b>	<b>\$ 1,116,250</b>	<b>\$ 2,893,000</b>

<sup>1</sup> Approved by ATM for FY13

<sup>2</sup> To offset higher costs in future years due to new actuarial study

<sup>3</sup> Proposed as a one-time expenditure

<sup>4</sup> To be allocated via the Revenue Allocation Model



## **Objectives**

1. Offset a portion of the tax impact of the debt exclusion for Estabrook School, which is proceeding earlier than anticipated in Town's capital plan.
2. Provide additional OPEB funding from Health Insurance saving, a related and appropriate source of funding.
3. Provide additional funds for Selectmen's road maintenance program goals.
4. Set aside funds that can offset a portion of future capital costs for building maintenance and capital projects and/or mitigate debt service attributable to the Estabrook School project.



# Town of Lexington

Summit I – October 3<sup>rd</sup> 2012

## Funding Budget Priorities

1		2	3	4	5
Options for Funding Budget Priorities		FY14	FY15	FY16	FY17
		<i>Potential Actions that will be made/revised at future Town Meetings</i>			
A	Estimated Gross 'Savings' from Health Insurance	\$ 4,407,317	\$ 3,488,399	\$ 2,495,054	\$ 1,422,848
B	Less: Estimated Increase in Health Ins. Costs	\$ 1,004,000	\$ 1,054,200	\$ 1,106,910	\$ 1,162,256
C	<b>ESTIMATED AVAILABLE FOR BUDGET PRIORITIES</b>	<b>\$ 3,403,317</b>	<b>\$ 2,434,199</b>	<b>\$ 1,388,144</b>	<b>\$ 260,593</b>
LESS:					
D	Street Maintenance/Reconstruction	\$ -	\$ -	\$ -	\$ -
E	Potential Increase in Pension Costs	\$ -	\$ -	\$ -	\$ -
F	OPEB Fund (additional appropriation)	\$ -	\$ -	\$ -	\$ -
G	Debt Exclusion Offset (Tax Relief)	\$ -	\$ -	\$ -	\$ -
H	Operating Budget/Service Priorities	\$ -	\$ -	\$ -	\$ -
I	Capital Projects/Debt Service Reserve/Building Renewal Fund	\$ -	\$ -	\$ -	\$ -
J	Net Unallocated Revenue	\$ 3,403,317	\$ 2,434,199	\$ 1,388,144	\$ 260,593